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MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
9TH DAY OF JULY 2002

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 4:00p.m. on the 9th day of July 2002, at the place and date duly established for holding of such a meeting.

President Chantel L. Walker called the meeting to order at 4:00 p.m. President Walker welcomed members of the public and asked that cell phones and pagers be turned off during the meeting. President Walker reminded members of the public wishing to address the Commission to fill out speaker cards. President Walker informed the public that there was an Acting Commission Secretary while Erwin R. Tanjuaquio was on vacation.

Gina Solis, Acting Commission Secretary introduced herself.

1. **RECOGNITION OF A QUORUM**

The Acting Commission Secretary announced the presence of a quorum with the following Commissioners present.

Chantel L. Walker, President (departed @ 7:55 p.m.)
Kathryn C. Palamountain, Vice President
Leroy King
Mark Dunlop (departed @ 6:35 p.m.)
Ramon E. Romero
Darshan Singh
Benny Y. Yee

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Marcia Rosen, Executive Director and staff members were also present

2. **REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY.** None.

3. **MATTERS OF UNFINISHED BUSINESS:**

CONTINUED FROM THE JUNE 25, 2002 COMMISSION MEETING

- 3 (a) Resolution No. 120-2002, Authorizing a Purchase and Sale Agreement with Mary J. Buffington and payment of related closing costs for a total amount not to exceed \$560,000 for the Agency's repurchase of a single family residence at 1992 Ellis Street pursuant to the Agency's Affordable Homeownership Program; Western Addition Redevelopment Project Area A-2

Presenters: Olson Lee (Agency staff)

Speakers: Mary Helen Rogers, M. J. Buffington

Commissioner Dunlop thanked Mr. Olson Lee for a clear and helpful presentation. Mr. Dunlop thanked Ms. Buffington for coming to the meeting and acknowledged the difficulty of her situation, and also acknowledged Mrs. Rogers' concerns about the Agency's Affordable Homeownership Program. Mr. Dunlop stated that the Agency's program needed to be reexamined and attempting to correct the problem on a unit-by-unit basis did not seem appropriate. Mr. Dunlop put forth a motion to adopt the item and requested staff to look into providing the deepest level of affordability for units under the program, specifically at 75% of the median income.

Commissioner Yee agreed with Mrs. Rogers' comments about the affordability level of the unit and stated that the Agency should follow some type of guideline in establishing the affordable price in order to maintain the affordability of the unit. Mr. Yee asked if the Agency would be able to sell the unit in the open market, and what the square footage of the unit was.

Mr. Olson Lee responded that the sales price was based upon an appraisal of the property and that he would provide the square footage information to the Commission.

Executive Director Rosen informed the Commission that the unit was a three-bedroom unit and was in good condition. Ms. Rosen added that the market value of the unit was not what determined the affordability and that the sales price was established by the qualifying income of the affordable purchaser.

Commissioner Yee stated that although he usually followed staff's recommendation on most issues, he did not feel comfortable seconding the motion on that particular matter.

Commissioner Romero seconded Commissioner Dunlop's motion and as he stated at the previous Commission meeting, he felt that the matter before the Commission was consistent with existing Agency policy under the Affordable Homeownership Program. Mr. Romero pointed out that the

questions from the Commission related to the level of subsidies provided by the Agency and explained that the higher the income of the purchaser, the lower the Agency subsidy was and conversely, the lower the income of the purchaser, the higher the subsidy required to keep the unit affordable, under the homeownership program. Mr. Romero reiterated that the staff recommendation was consistent with existing policy and if the Commission wanted to change the policy, such proposed change should be calendared for a future Commission meeting.

Commissioner Palamountain thanked Mr. Olson Lee for his presentation and asked the following questions: (1) would the Health and Safety Code requirement of 45 years affordability apply to the property even if the Agency were not to acquire it, (2) was the Agency within the Health and Safety Code requirement of subsidizing housing units for up to 120% of area median income for the property, (3) what would happen in seven years time with regard to the Agency's investment in the unit assuming that the Agency would repurchase the unit and resell it to another affordable homebuyer, and (4) explain why it would be worth repurchasing the unit and keeping it affordable instead of purchasing and subsidizing a new unit.

Mr. Olson Lee responded that the 45-year affordability requirement of the Health and Safety Code obligated the Agency and necessarily the homebuyer, and that if the Agency were to repurchase and resell the unit, the proceeds from the sale would be used to subsidize other affordable homeownership projects under the program. Mr. Lee stated that the 75% median income level for the unit was within the Health and Safety Code subsidized housing requirement and that the 75% was defined as low-income up to 80% of the area median income. Mr. Lee informed the Commission that what could happen in seven years time was a function of whether the housing market stabilizes itself or continue to experience the unprecedented escalation in housing prices and that there was a possibility that in seven years when that particular property comes before the Commission, the market value or sales price and the required Agency subsidy at that time would be so prohibitive given the limitation in the Agency's share in the appreciated value of the unit. Mr. Lee explained that the bottom line was that in any event, the Agency would retain its share of the appreciation and would then be able to apply it to another affordable homeownership unit at the appropriate affordability level as determined by the Commission. Mr. Lee stated that the value or incentive of repurchasing the unit for resale to another affordable homebuyer was that the Agency would have two affordable units versus one, where the Agency would lose the existing affordable unit if it chose not to repurchase it for resale to another affordable homebuyer. Mr. Lee added that applying the proceeds from the sale of such units to subsidize new housing units was not advisable because the development process took a very long time and whatever length

of time it took, it meant a loss of an affordable unit from the Agency's affordable housing stock.

Commissioner Palamountain appreciated Mr. Lee's responses and stated that she had taken to heart Commissioner Dunlop and Romero's statements about not changing the Agency's policy based upon that particular unit, but she continued to have concerns with the homeownership program and that the program should be called a shared-equity partnership program to help avoid confusion. Ms. Palamountain stated her support for the item.

Commissioner King stated his support for the item and stated that the Agency should move forward and dispense with the item before the Commission. Mr. King stated that the Agency's policy should be cleared-up and take into account comments made by Mary Rogers about the level of Agency subsidy to ensure the affordability of the units. Mr. King suggested a Commission workshop to discuss the issues surrounding the Agency's Affordable Homeownership Program.

Commissioner Yee stated that every member of the Commission was a strong advocate for affordable housing in furtherance of the Agency's mission and referred to Mr. Olson Lee's presentation regarding the excellent return on the Agency investment and that the Agency's Affordable Homeownership Program was a good program and has the maturity of many years of practice under the great leadership of several executive directors. Mr. Yee believed that the Commission would vote unanimously on the item.

President Walker thanked staff for the numerical analysis and looking at the cost benefit component. Ms. Walker stated her support for the item and suggested that staff look at land trust models and other models that would help clarify for individuals entering into such contracts what the real issues were concerning their obligations under the contract. Ms. Walker was less concerned with the subsidy level issue, but continued to be concerned with issues relating to individual homebuyers' responsibilities and their awareness of such responsibilities under the program and their individual contracts. Ms. Walker looked forward to a future policy discussion certainly before a similar item comes before the Commission. Ms. Walker thanked Mr. Lee for his hard work.

ADOPTION: IT WAS MOVED BY MR. DUNLOP, SECONDED BY MR. ROMERO, AND UNANIMOUSLY CARRIED THAT ITEM 3 (a) RESOLUTION NO. 120-2002, AUTHORIZING A PURCHASE AND SALE AGREEMENT WITH MARY J. BUFFINGTON AND PAYMENT OF RELATED CLOSING COSTS FOR A TOTAL AMOUNT NOT TO EXCEED \$560,000 FOR THE AGENCY'S REPURCHASE OF A SINGLE FAMILY RESIDENCE AT 1992 ELLIS STREET PURSUANT TO THE AGENCY'S AFFORDABLE HOMEOWNERSHIP PROGRAM; WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2, BE ADOPTED.

AFFORDABILITY RESTRICTIONS BETWEEN EXISTING AGENCY
LOAN DOCUMENTS FOR THE ACQUISITION AND
REHABILITATION OF 152 UNITS OF VERY LOW INCOME RENTAL
HOUSING AT THE DELTA HOTEL, 80-88 SIXTH STREET; SOUTH OF
MARKET EARTHQUAKE RECOVERY PROJECT AREA, BE
ADOPTED.

REGULAR AGENDA

- 4 (d) Resolution No. 129-2002, Authorizing a Personal Services Contract with the Freelon Group, Inc. a North Carolina Corporation, in an amount not to exceed \$1,648,000 to provide architectural and museum planning services for the Museum of the African Diaspora; Yerba Buena Center Redevelopment Project Area

Presenters: William Carney (Agency staff)

Speakers: Fred Jordan, Jennifer Oliver-Goodwin, Frankie Gillette, Ron Vinson, Doris Vincent

Commissioner Singh commended staff for its hard work and welcomed Ms. Goodwin as the interim Executive Director. Mr. Singh looked forward to the ribbon cutting on December 31st, 2003 and put forth a motion to adopt the item.

Commissioner Palamountain seconded the motion.

President Walker was pleased to see the presentation on the design of the proposed museum and was glad to see movement on the Agency's cultural facilities and stated her support for the Museum of the African Diaspora. Ms. Walker asked about the organizational development component, in particular the allocated budget, of the contract with the Freelon Group and expressed the importance of such organizational development for a new cultural institution to ensure viable operation and efficiency.

Mr. William Carney responded that within the Freelon contract, there was a significant role for Lord consultants who are the Museum planning consultants that would be working on the business and program development with a budget of \$145,000 and \$175,000 for the content development. Lord consultants would be providing advise to ensure that the design was responsive to the ultimate business needs of the museum, specifically the content development component that would be the forerunner to future exhibits of the museum. There would be additional staff hired to work with the museum board to complete the organizational development and the board would undertake a nationwide search for permanent leadership under the

initial operating agreement with the Agency. This portion of the work was anticipated to occur by the end of 2002 along with the formation of a museum staff that would be responsible for the overall organizational development of the museum. Mr. Carney added that there was money included in the budget for additional consultant services for the organizational development work.

Commissioner Yee was thrilled to see the progress made on the museum and looked forward to the completion scheduled for September 2004. Mr. Yee lent his enthusiastic support for the project.

ADOPTION: IT WAS MOVED BY MR. SINGH, SECONDED BY MS. PALAMOUNTAIN, AND UNANIMOUSLY CARRIED THAT ITEM 4 (d) RESOLUTION NO. 129-2002, AUTHORIZING A PERSONAL SERVICES CONTRACT WITH THE FREELON GROUP, INC. A NORTH CAROLINA CORPORATION, IN AN AMOUNT NOT TO EXCEED \$1,648,000 TO PROVIDE ARCHITECTURAL AND MUSEUM PLANNING SERVICES FOR THE MUSEUM OF THE AFRICAN DIASPORA; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

Items 4 (e) and (f) were presented together and acted upon separately.

- 4 (e) Resolution No. 130-2002, Authorizing a Seventh Amendment to the Operating Agreement with Zeum, a California non profit public benefit corporation to provide support for the implementation of Zeum's Sustainability Plan, increasing the fiscal year 2002-2003 annual contribution by \$200,000 for a total aggregate amount not to exceed \$793,000; Yerba Buena Center Redevelopment Project Area
- 4 (f) Resolution No. 131-2002, Authorizing a Third Amendment to the Personal Services Contract with Sherry Kafka Wagner increasing the amount of compensation by \$50,000 for a total aggregate amount not to exceed \$210,000 and extending the term of the agreement for oversight of the implementation of Zeum's Sustainability Plan; Yerba Buena Center Redevelopment Project Area

Presenters: Cathy Pickering (Agency staff), Kari Novatney, Adrienne Pon (Zeum), Sherry Kafka Wagner (consultant)

Speakers: Bill Osterhaus, Elizabeth Zitrin, Stephen Kock

Commissioner Singh remarked that the Children's Center at the Yerba Buena Gardens was the best children's center anywhere and shared the wonderful experience his grandson had when they visited Zeum. Mr. Singh welcomed Adrienne Pon and commended Sherry Kafka Wagner for her hard work and congratulated Zeum for the increased attendance. Mr. Singh

thanked Kari Novatney for her leadership and for helping Zeum with its fundraising. Mr. Singh put forth a motion to adopt item 4 (e).

Commissioner Romero seconded the motion to adopt item 4 (e). Mr. Romero commended Zeum for its innovative and exciting programs and lent his support for the project.

Commissioner Yee was glad to see Adrienne Pon and recalled their long-time friendship and was very proud of Ms. Pon becoming the Executive Director for Zeum. Mr. Yee commended Sherry Kafka Wagner for her commitment and hard work and Kari Novatney for her dynamic leadership especially in helping raise the necessary funds for Zeum. Mr. Yee lent his enthusiastic support for the project and wished Zeum the best of luck.

Commissioner King complimented Zeum for all the hard work and commended Bill Osterhaus for his dedication and commitment to Zeum and the Children's Center. Mr. King wished Zeum great success and offered his support for a great children's program.

President Walker thanked Ms. Novatney for responding to Commissioners' questions and concerns, particularly on the issue of how public financing was benefiting the local community. Mr. Walker looked forward to Ms. Pon's leadership and influence on increased diversity at all levels of the organization.

ADOPTION: IT WAS MOVED BY MR. SINGH, SECONDED BY MR. ROMERO, AND UNANIMOUSLY CARRIED THAT ITEM 4 (e) RESOLUTION NO. 130-2002, AUTHORIZING A SEVENTH AMENDMENT TO THE OPERATING AGREEMENT WITH ZEUM, A CALIFORNIA NON PROFIT PUBLIC BENEFIT CORPORATION TO PROVIDE SUPPORT FOR THE IMPLEMENTATION OF ZEUM'S SUSTAINABILITY PLAN, INCREASING THE FISCAL YEAR 2002-2003 ANNUAL CONTRIBUTION BY \$200,000 FOR A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$793,000; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MR. SINGH, SECONDED BY MS. PALAMOUNTAIN, AND UNANIMOUSLY CARRIED THAT ITEM 4 (f) RESOLUTION NO. 131-2002, AUTHORIZING A THIRD AMENDMENT TO THE PERSONAL SERVICES CONTRACT WITH SHERRY KAFKA WAGNER INCREASING THE AMOUNT OF COMPENSATION BY \$50,000 FOR A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$210,000 AND EXTENDING THE TERM OF THE AGREEMENT FOR OVERSIGHT OF THE IMPLEMENTATION OF ZEUM'S SUSTAINABILITY PLAN; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

Items 4 (g), (h) and (i) were presented together and acted upon separately.

- 4 (g)** Resolution No. 132-2002, Authorizing a First Amendment to the Exclusive Negotiations Agreement with Mercy Housing California, a California nonprofit, public benefit corporation to extend the term for 12 months for negotiating a lease and development agreement for the development of Affordable Housing on Parcel 1 of Block N3a; Mission Bay North Redevelopment Project Area
- 4 (h)** Resolution No. 133-2002, Expressing the Agency's Intent to issue Multifamily Mortgage Revenue Bonds or notes in One or More Series in an Amount Not to Exceed \$25,000,000 to Finance residential facilities for redevelopment purposes on Parcel 1 of Block N3a; Mission Bay North Redevelopment Project Area
- 4 (i)** Resolution No. 134-2002, Authorizing Execution of a Purchase and Sale Agreement and related documents with the City and County of San Francisco ("City") for the construction and sale to City of a branch public library on a portion of Parcel 1 in Block N3a for a purchase price of \$3,267,000 to be adjusted based on the actual cost of development of the branch library; Mission Bay North Redevelopment Project Area

Presenters: Matthew Schwartz (Agency staff)

ADOPTION: IT WAS MOVED BY MR. SINGH, SECONDED BY MS. PALAMOUNTAIN, AND UNANIMOUSLY CARRIED THAT ITEM 4 (g) RESOLUTION NO. 132-2002, AUTHORIZING A FIRST AMENDMENT TO THE EXCLUSIVE NEGOTIATIONS AGREEMENT WITH MERCY HOUSING CALIFORNIA, A CALIFORNIA NONPROFIT, PUBLIC BENEFIT CORPORATION TO EXTEND THE TERM FOR 12 MONTHS FOR NEGOTIATING A LEASE AND DEVELOPMENT AGREEMENT FOR THE DEVELOPMENT OF AFFORDABLE HOUSING ON PARCEL 1 OF BLOCK N3A; MISSION BAY NORTH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. SINGH, AND UNANIMOUSLY CARRIED THAT ITEM 4 (h) RESOLUTION NO. 133-2002, EXPRESSING THE AGENCY'S INTENT TO ISSUE MULTIFAMILY MORTGAGE REVENUE BONDS OR NOTES IN ONE OR MORE SERIES IN AN AMOUNT NOT TO EXCEED \$25,000,000 TO FINANCE RESIDENTIAL FACILITIES FOR REDEVELOPMENT PURPOSES ON PARCEL 1 OF BLOCK N3A; MISSION BAY NORTH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. SINGH, AND UNANIMOUSLY CARRIED THAT ITEM 4 (i) RESOLUTION NO. 134-2002, AUTHORIZING EXECUTION OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH THE CITY AND COUNTY OF SAN FRANCISCO ("CITY") FOR THE CONSTRUCTION AND SALE TO CITY OF A BRANCH PUBLIC LIBRARY ON A PORTION OF PARCEL 1 IN BLOCK N3A FOR A PURCHASE PRICE OF \$3,267,000 TO BE ADJUSTED BASED ON THE ACTUAL COST OF DEVELOPMENT OF THE BRANCH LIBRARY; MISSION BAY NORTH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

5. MATTERS NOT APPEARING ON AGENDA - None.

6. PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA BUT AGENCY RELATED MATTERS - None.

7. REPORT OF THE PRESIDENT

- President Walker thanked Ms. Gina Solis for doing a great job as Acting Commission Secretary as well as Ms. Ayisha Benham for her hard work as Acting Executive Director while Ms. Rosen was abroad, especially for spending long hours with her and Vice-President Palamountain working on the Agenda. Ms. Walker welcomed Ms. Rosen back.
- President Walker noted that a memorandum (from her) had been sent to the Commission regarding the cancellation of the July 16th Commission meeting because there was only one action item scheduled for that date, and that she and the Vice-President had spoken to staff very specifically about the need to balance the Agenda and to look forward to a balanced July 23rd Commission meeting Agenda.

8. REPORT OF THE EXECUTIVE DIRECTOR

- Executive Director Rosen thanked Ms. Ayisha Benham for doing an excellent job as Acting Executive Director and commended her for keeping the Agency in great hands. Ms. Rosen briefly reported that she was learning about urban development in Paris and would report further to the Commission in the future.

- Executive Director Rosen reminded the Commission about the following events:
 - Federal Office Building groundbreaking on Monday, July 15th at 8:00 a.m. at the corner of Seventh and Mission Streets
 - Habitat for Humanity homeownership project groundbreaking at 1009 Mission Street on July 18th at 11:30 a.m.
 - The Community Calendar should be corrected to reflect the cancellation of the regularly scheduled PIDC Board meeting on July 22nd – a meeting would be scheduled for the month of August
 - The Community Calendar contained a number of scheduled staff presentations at community meetings (at the request of the Commission) on the proposed housing participation policy, which will be before the Commission at its meeting of July 23rd. These presentations would be at the various PAC and CAC meetings as well as a general public/community meeting on July 11th at 6:00 p.m. in the Agency offices.
- Ms. Rosen welcomed Mr. Romulus Asenloo to the Agency's Contract Compliance Division.
- Ms. Rosen asked the Commission to join in a silent recognition of a great community member, Doris Thomas who passed away on July 8th – She was a long-standing member of the civil rights and labor and democratic circles in San Francisco and would be greatly missed.

9. COMMISSIONERS QUESTIONS AND MATTERS

- Commissioner Yee agreed with the President that if there was only one action item scheduled for the July 16th meeting, it was appropriate to cancel the meeting however, Mr. Yee recalled that he had repeatedly requested to scheduled the matter regarding modification of the RFP for the South of Market Project Area since the Commission had not completed the process of revising the RFP to ensure fairness to all developers, whether for-profit or non-profit. Mr. Yee suggested placing on the July 16th Agenda the RFP matter as he thought that might engender a lot of public interest.

- Commissioner Romero clarified the dates and locations for the groundbreaking events for the Federal Office Building and the 1009 Mission (Habitat for Humanity) housing project.

Commissioner Romero referred to the memorandum prepared by Ms. Ayisha Benham regarding the proposed demolition of the former Japantown Bowl site, that the Board of Permit Appeals had continued the matter to its meeting of July 24th. Mr. Romero asked the Executive Director if it would be beneficial to take a formal position that would rescind Agency staff's initial approval of the proposed demolition.

Executive Director Rosen clarified that the Agency did not issue the demolition permit. Rather, as part of the standard operating procedures, Agency staff is required to sign-off on various City permits (including demolition permits) affecting properties within redevelopment project areas, for the purpose of determining compliance with the relevant redevelopment plans. This was the case with the former Japantown Bowl site, when the City Department of Building Inspection sent the demolition permit through the Agency and both the Agency's architectural and legal staff reviewed the matter for conformance with the redevelopment plan and determined that the proposed demolition was compliant. General Counsel was advised that there is no basis for the Agency to rescind a non-discretionary and ministerial Agency staff action.

Commissioner Romero suggested that an item be placed on the July 23rd Agenda urging the Board of Permit Appeals to not issue the demolition permit until such time as the Agency Commission determined the appropriate replacement use for the site. Mr. Romero made this suggestion in a form of a motion.

Commissioner Romero believed that it would be to the best interest of the Agency Commission to take a formal position that the building not be demolished and have a vacant lot until a replacement structure and use had been determined, and asked the Executive Director if she had a position on the issue.

Executive Director Rosen responded that the Board of Permit Appeals' jurisdiction was limited to the City's Building Code permit issuance provisions and that she was not certain what impact any opinions expressed by the Agency Commission would have on the Board's decision-making.

Commissioner Romero assumed that a demolition permit would be issued at some point, but was concerned with the timing of the demolition of the existing building without first determining the replacement structure.

Executive Director Rosen suggested as an alternative, a request from the Commission to the developer, to delay the demolition of the building irrespective of when the demolition permit was issued, until a replacement project had been approved for the site.

Commissioner Romero withdrew his earlier motion urging the Board of Permit Appeals to not issue the demolition permit.

Commissioner Romero addressed Commissioner Yee's suggestion to calendar the South of Market RFP matter and that he had not heard concerns raised by the public and therefore, did not see any reason to place the matter on the calendar. Mr. Romero stated that if there were specific suggestions to modify the existing RFP provisions, a motion could be made and voted upon by the Commission.

- Commissioner Yee stated that any language that gave first consideration to local non-profit developers in the South of Market Project Area was deemed to grant exclusivity to only local non-profit developers and would effectively exclude 99% of other qualified developers to compete on an equal basis. Mr. Yee explained that the Agency was obligated to provide fair and equal treatment to all developers and language that gave preference to only local non-profit developers was not appropriate and should be removed. This was the reason why the Commission must modify the RFP procedures for the South of Market.

Commissioner Yee referred to a letter he received from Gary Kitahata regarding the former Japantown Bowl site and the proposed demolition. Mr. Yee disagreed with Commissioner Romero's suggestion for the Commission to take a formal position on the matter.

President Walker verified with Commissioner Romero that he had withdrawn his earlier motion to calendar the demolition matter regarding the former Japantown Bowl site. Mr. Romero affirmed that he had withdrawn his earlier motion.

Commissioner Yee asked if staff had any response to Mr. Kitahata's letter requesting action from the Commission.

Executive Director Rosen referred Commissioner Yee to the July 9th memorandum prepared by Ms. Benham regarding the demolition matter.

- Commissioner Palamountain expressed concerns with how Agency staff had represented to the Commission that the Agency did not have any jurisdiction over the demolition of the building and was surprised to find out that Agency staff had signed the demolition permit and that the permit had been approved to be in compliance with the redevelopment requirements. Ms. Palamountain respected the separate jurisdictions among City agencies and was very disappointed with the misrepresentation when in fact Agency staff was signing permits. Ms. Palamountain agreed with Mr. Kitahata's question of how was it within the Western Addition A-2 Redevelopment Plan to have an empty or vacant lot and did not think that was consistent with the redevelopment plan. Ms. Palamountain again referred to the memorandum prepared by Ms. Benham and recalled that it was a long-standing Agency policy and practice to treat demolition permits as a ministerial act and several Commissioners without taking official action, had expressed serious concerns with the demolition of the former Japantown Bowl site, was under the belief and understanding that the Commission had not taken action to approve the demolition, when in fact, the Agency had taken action, even if it was a ministerial action. Ms. Palamountain requested an explanation from staff.
- Commissioner King verified that the former Japantown Bowl site was located within the Western Addition A-2 Redevelopment Project Area.
- Commissioner Singh agreed with and shared the same concerns raised by Commissioner Palamountain.
- Commissioner Yee shared the same concerns as Commissioner Palamountain with regard to the demolition of the former Japantown Bowl site. Mr. Yee put forth a motion to place on the July 16th Agenda, a discussion to modify the RFP procedures for the South of Market Project Area.
- Commissioner Singh seconded Commissioner Yee's motion.

- President Walker addressed the earlier discussion about the former Japantown Bowl site and felt that some of the issues should have been more appropriately discussed in closed session. The concern was that the Commission and staff and the public had a significant and lengthy discussion about the very important issue of having an empty lot in the middle of the Western Addition and the extensive discussion was based upon staff's advice that the Agency did not have jurisdiction over the demolition of the building. With the understanding that the Agency did not have jurisdiction, the conversation proceeded with the assumption that the Commission did not have to take action, but several Commissioners did voice concerns regarding the demolition of the building. Ms. Walker expressed concern that somehow the fact that Agency staff had taken action on the demolition permit did not surface in the conversation that took place. Ms. Walker felt that it was difficult to reconcile on one hand, the substantive issue of an empty lot and its development potential and on the other, a massive misunderstanding around the questions asked and the answers given. Ms. Walker expressed uncertainty about whether there was clear communication between staff and the Commission, and requested a response from the Executive Director.

Executive Director Rosen reminded the Commission that she was not at the prior Commission meeting where the discussion took place, but she surmised that the misunderstanding might have resulted from the use of the word "jurisdiction" and its definition. Ms. Rosen explained that a non-discretionary and ministerial review of permits for consistency with existing redevelopment plans was not an exercise of "jurisdiction" over issuance of the demolition permit and was a routine function of staff working with other City agencies. Ms. Rosen pointed out that neither State law nor the Western Addition A-2 Redevelopment Plan contained provisions that prohibit empty or vacant lots. Agency staff believed that it was performing a routine function in answering questions posed by the Department of Building Inspection and was simply providing the clearance that the permit was consistent with the redevelopment plan. Ms. Rosen stated that as a matter of law, there was very little the Commission could do with respect to the demolition of the building and repeated her earlier suggestion (to Commissioner Romero) to discuss with the developer the concerns raised by the Commission and to seek the developer's agreement to delay the demolition of the building until there was a replacement policy, and reminded the Commission that the developer would be presenting a development proposal in the coming weeks for the

Commission's consideration and approval. Ms. Rosen regretted any misunderstanding or miscommunication and that staff did not intend it to be so.

- Commissioner King verified that the building was within the Western Addition A-2 Project Area and that the Agency had jurisdiction over the A-2 Project Area, and believed that the Board of Permit Appeals did not have jurisdiction over the project area, that the Agency was a State agency and did not fall within the City Charter unlike the Planning Commission and others. Mr. King recalled that in the past, the Agency had gone before the Board of Permit Appeals and was advised that it had no jurisdiction over the Agency and its projects. Mr. King asked how the matter ended up at the Planning Department or Commission.

Executive Director Rosen responded that the Planning Department did not get the permit, and informed the Commission that Government Code Section 53090 and 53091 required that demolition permits for properties within redevelopment project areas have to comply with local building codes and the courts have interpreted this to mean that the local jurisdiction (City and County of San Francisco) was the permit issuance agency for determining whether something was in compliance with the Building Code, and the Agency was only responsible for granting land use entitlements to developers or property owners within the Western Addition A-2 Project Area.

Commissioner King expressed the same concerns as Commissioner Palamountain over the confusion as to what the Agency's jurisdiction was regarding the demolition of the building, and requested staff to get more clarity on the matter. Mr. King questioned the appeal process and reiterated that the Building Department did not have jurisdiction over Agency projects.

Executive Director Rosen explained that there was no appeal to the Board of Appeals concerning the Agency Commission's actions where the Agency had exclusive jurisdiction over matters such as land use entitlements and granting of development rights. In the case of the former Japantown Bowl site, the demolition permit was issued by the Building Department and the issuance under City rules, was subject to an appeal to the Board of Permit Appeals, and was in fact appealed by a member of the public.

- Commissioner Yee appreciated the Executive Director's explanation and citation of the relevant Government Code dealing with jurisdiction, but shared Commissioner King's uncertainty about staff's interpretation. Mr. Yee recalled being told by the City Attorney that the Agency as a State agency, came under the State Attorney General, and felt that the matter before the Commission was a similar situation.
- President Walker clarified that the Agency Commission could adopt a resolution stating its position on the demolition matter, but such resolution would not be binding on the Board of Appeals.

Executive Director Rosen believed that was correct, but that would be the determination of the City Attorney advising the Board of Appeals, and believed that the question before the Board related to matters under the Building Code.

- President Walker turned to the earlier motion made by Commissioner Yee regarding the RFP modification in South of Market (for the meeting of July 16th). Ms. Walker reminded the Commission that the July 16th meeting had been cancelled and perhaps Commissioner Yee would consider a friendly amendment to schedule the matter for July 23rd.
- Commissioner Yee agreed and would follow the majority of the Commission.
- Commissioner Romero felt that the Commission had very little to go on because he had not heard any concerns raised by the public and that there were no specific issues brought by Commissioner Yee.
- President Walker took into account Commissioners' schedules and suggested a friendly amendment to the motion to calendar the RFP matter at a time when all Commissioners would be present.
- Commissioner Romero stated his opposition to the motion and did not see any reason for opening up the same discussion that the Commission had before.
- Commissioner King stated that he would go along with the Commission's decision, but was not going to argue the merits of the matter at that time.

- President Walker asked the Executive Director to provide a brief background on the issue because the earlier discussion preceded her arrival at the Commission.

Executive Director Rosen stated that the Commission held at least one workshop on the RFP matter and several changes were made at Commissioner Yee's initiation to strengthen the disclosure requirements of developer applicants, and further modifications to the RFP provisions as well as staff recommended changes did not get a majority vote when the matter was before the Commission in October 2001.

MOTION: IT WAS MOVED BY MR. YEE, SECONDED BY MR. SINGH, TO PLACE ON A FUTURE COMMISSION MEETING AGENDA, THE MODIFICATION OF THE REQUEST FOR PROPOSALS PROVISIONS FOR THE SOUTH OF MARKET EARTHQUAKE RECOVERY REDEVELOPMENT PROJECT AREA, AND ON ROLL CALL THE FOLLOWING VOTED "AYE":

Mr. King
Mr. Singh
Mr. Yee

AND THE FOLLOWING VOTED "NAY":

Ms. Palamountain
Mr. Romero
Ms. Walker

AND THE FOLLOWING WERE ABSENT:

Mr. Dunlop

THE SECRETARY DECLARED THE RESULTS OF THE ROLL CALL VOTE, THREE (3) AYES AND THREE (3) NAYS, AND ONE (1) ABSENT.

THE PRESIDENT THEREUPON DECLARED THAT THE MOTION FAILED.

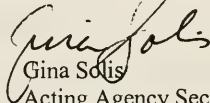
10. CLOSED SESSION

- (a) Pursuant to government Code §54957.6 to instruct the Agency's designated representatives to negotiate with the San Francisco Redevelopment Employees Association-Management Unit. Agency designated representatives: Marcia Rosen, Ayisha Benham, and Ora Williams
- (b) Pursuant to government Code §54956.9(b): Conference with Legal Counsel regarding anticipated litigation: one potential case.

11. ADJOURNMENT

It was moved by Mr. Romero, seconded by Mr. Singh, and unanimously carried that the meeting be adjourned. The meeting adjourned at 8:35 p.m.

Respectfully submitted,



Gina Solis
Acting Agency Secretary

(Prepared by Erwin R. Tanjuaquio)

APPROVED:

August 20, 2002

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
23RD DAY OF JULY 2002

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 4:00p.m. on the 23rd day of July 2002, at the place and date duly established for holding of such a meeting.

President Chantel L. Walker called the meeting to order at 4:00 p.m. President Walker welcomed members of the public and asked that cell phones and pagers be turned off during the meeting.

1. **RECOGNITION OF A QUORUM**

The Acting Commission Secretary announced the presence of a quorum with the following Commissioners present.

Chantel L. Walker, President
Kathryn C. Palamountain, Vice President
Leroy King
Ramon E. Romero
Darshan Singh (arrived at 4:08 p.m.)
Benny Y. Yee

DOCUMENTS DEPT.

And the following were absent:

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Mark Dunlop

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Marcia Rosen, Executive Director and staff members were also present. Gina Solis was Acting Commission Secretary.

2. **REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY.** None.

3. **MATTERS OF UNFINISHED BUSINESS:**

CONTINUED FROM THE APRIL 30TH JUNE 11TH AND JULY 9TH, 2002
COMMISSION MEETINGS

- 3 (a) Resolution No. 71-2002, Authorizing an Amendment to the Agency's Housing Participation Policy to Amend the Housing Participation Requirements for all residential developments; All Redevelopment Project Areas

Presenters: Olson Lee (Agency staff)

Speakers: John McInerney, Alice Barkley, Mary Helen Rogers

Commissioner Yee stated that the public understood that Agency staff worked hard and did their job to the best of its ability, but sometimes certain things are overlooked because no one was perfect. Mr. Yee asked Mr. Olson Lee to respond to concerns raised by members of the public regarding existing development projects in the pipeline. Mr. Yee asked staff to look into providing consideration for existing projects that are already in the Agency's pipeline.

Mr. Olson Lee responded that Agency staff had made a good faith attempt to have an Agency policy that was parallel to that of the Planning Department, but unlike the Planning Department, the Agency did not have an application date to use as a threshold for determining the requirement. Additionally, staff included safe harbor and waiver provisions that provided a level of protection for existing projects in the pipeline. The State law permitted the Agency to require inclusionary requirements for housing development projects, in part because public money was spent to provide public benefits including infrastructure. Mr. Lee added that the proposed Agency policy was not entirely comparable to that of the City due to the fact that each was a different entity. With respect to the affordability issue, the policy proposed a 45-year tenure for homeownership projects and 55 years for rental projects, and these affordability periods acknowledged the need for affordable housing and that more and more affordable units would have to be developed. The proposed policy took into account that the affordable housing developments need not be fully subsidized solely by the Agency with the participation of housing developers.

Executive Director Rosen stated that staff did not ignore the issue of fairness for project already in the pipeline, and such projects were addressed in both the safe harbor and waiver provisions of the proposed policy. Taken together, those provisions allow individualized consideration of projects to ensure that the application of the policy was fair and equitable.

Commissioner Palamountain put forth a motion to adopt the item and thanked staff for the time-consuming work and for the responsiveness to Commissioners and the public's questions and concerns. Ms. Palamountain believed that the Agency's proposed policy was comparable to that of the City and in the case of the waiver provisions, the Agency's policy was more generous to the development community because the City did not always offer such provisions. Ms. Palamountain stated her full support for the proposed policy and urged the Commission to move forward with the matter.

Commissioner King asked how the public was notified of the community meetings that were held.

Mr. Olson Lee informed the Commission that six of the seven staff presentations were made at regularly scheduled Project Area and Citizens Advisory Committee meetings and notices of the housing participation presentations were sent to the mailing lists for the respective PACs and CACs. For the Western Addition, the standing mailing list used by Senior Project Manager Shirley Wysinger was used to notify members of that community.

Commissioner Yee seconded Commissioner Palamountain's motion subject to the refinement of the waiver provision language that the Executive Director addressed.

President Walker recognized the long path for the proposed policy and acknowledged staff's hard work and responsiveness to the issues raised. Ms. Walker thought the comparability matrix was very helpful in clarifying the many different issues and thanked the public for participating in the community meetings.

ADOPTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. YEE, AND UNANIMOUSLY CARRIED THAT ITEM 3 (a) RESOLUTION NO. 71-2002, AUTHORIZING AN AMENDMENT TO THE AGENCY'S HOUSING PARTICIPATION POLICY TO AMEND THE HOUSING PARTICIPATION REQUIREMENTS FOR ALL RESIDENTIAL DEVELOPMENTS; ALL REDEVELOPMENT PROJECT AREAS, BE ADOPTED.

4. MATTERS OF NEW BUSINESS:

REGULAR AGENDA

- 4 (a) Resolution No. 135-2002, Authorizing Execution of a Personal Services Contract with Ciber, Inc., a Delaware Corporation, in an amount not to exceed \$200,000, for consulting services regarding the OneWorld accounting software system upgrade

Presenters: Kim Pan (Agency staff)

President Walker asked if there were sufficient funds in the budget allocated for the Personal Services Contract. Ms. Ayisha Benham responded affirmatively, and explained that unspent funds from the prior fiscal year budget were transferred to the current budget for the contract.

ADOPTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. SINGH, AND UNANIMOUSLY CARRIED THAT ITEM 4 (a) RESOLUTION NO. 135-2002, AUTHORIZING EXECUTION OF A PERSONAL SERVICES CONTRACT WITH CIBER, INC., A DELAWARE CORPORATION, IN AN AMOUNT NOT TO EXCEED \$200,000, FOR CONSULTING SERVICES REGARDING THE ONEWORLD ACCOUNTING SOFTWARE SYSTEM UPGRADE, BE ADOPTED.

- 4 (b) Resolution No. 136-2002, Authorizing the Reallocation of the remaining uncommitted funds in the amount of \$63,136 from the Chinatown Economic Development Plan's Planning and Administration, Loan Program, Marketing, and Aesthetics line items to the Program Planning and Administrative line item; and Authorizing an Eleventh Amendment to the Personal Services Contract with Chinatown Economic Development Group, a California nonprofit Public Benefit Corporation, to increase the maximum amount by \$63,136 for a total aggregate amount not to exceed \$687,759, and extend the term of the agreement to July 31, 2003 for Administrative Services in support of the implementation of the Chinatown Economic Development Plan

Presenters: Isabella Wong (Agency staff), Chuck Louie (CEDG)

Commissioner Yee congratulated Chuck Louie on being the Vice-Chair for the Chinatown Economic Development Group and put forth a motion to adopt the item.

ADOPTION: IT WAS MOVED BY MR. YEE, SECONDED BY MS. PALAMOUNTAIN, AND UNANIMOUSLY CARRIED THAT ITEM 4 (b) RESOLUTION NO. 136-2002, AUTHORIZING THE REALLOCATION OF THE REMAINING UNCOMMITTED FUNDS IN THE AMOUNT OF \$63,136 FROM THE CHINATOWN ECONOMIC DEVELOPMENT PLAN'S PLANNING AND ADMINISTRATION, LOAN PROGRAM, MARKETING, AND AESTHETICS LINE ITEMS TO THE PROGRAM

PLANNING AND ADMINISTRATIVE LINE ITEM; AND AUTHORIZING AN ELEVENTH AMENDMENT TO THE PERSONAL SERVICES CONTRACT WITH CHINATOWN ECONOMIC DEVELOPMENT GROUP, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, TO INCREASE THE MAXIMUM AMOUNT BY \$63,136 FOR A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$687,759, AND EXTEND THE TERM OF THE AGREEMENT TO JULY 31, 2003 FOR ADMINISTRATIVE SERVICES IN SUPPORT OF THE IMPLEMENTATION OF THE CHINATOWN ECONOMIC DEVELOPMENT PLAN, BE ADOPTED.

- 4 (c) Resolution No. 137-2002, Approving the Schematic Design for the South Beach Park and Harbor Improvement Project; Rincon Point-South Beach Redevelopment Project Area

Presenters: Amy Neches (Agency staff)

Speakers: Herb Meyer, Shelly Carroll, Richard Forst, Norm Pearce, Bob Bennette, Jeffrey Leibovitz, Richard Dickerson

Commissioner Singh asked what the projected completion date was for the project, the size of the yacht club and its membership. Mr. Singh asked what the impact would be if the item was delayed for 90 days.

Ms. Amy Neches responded that staff anticipated bringing the construction contracting before the Commission in the spring of 2003 with a projected completion in early 2005. The total building area was 14,500 square feet and the yacht club itself was 2,700 square feet. The yacht club had a membership of 400 boaters and was involved with community programs including supporting the youth sailing and disabled sailing programs. Ms. Neches stated that with all of the thorough work that had been done for the past year, a further delay of the project would result in additional costs and there were no more money left for further schematic design work. Ms. Neches advised the Commission that staff felt ready to move forward with the project.

Commissioner Singh commented that when built, the project would be there for many years and thought it was a good idea to get input from all interested parties.

Ms. Neches stated that staff believed that input was important and have received all of the input from interested parties and staff's recommendation was to proceed and move forward with the project.

Commissioner Yee acknowledged SPUR's long-standing and hard work in San Francisco and the Commission expected SPUR to continue to do an outstanding job, but asked why SPUR sent its letter requesting a delay at such a late date.

Ms. Neches informed the Commission that the project was presented to a SPUR committee on April 8th and following that meeting, SPUR sent a letter to the Agency asking specific questions about the project and the letter was responded to in a timely basis. Since that time, there had not been any indication of concerns about the project. Ms. Neches addressed the issues related to Pier 40 that were raised in SPUR's letter and informed the Commission that the proposed work on Pier 40 did not include a full seismic retrofit. It included \$1 million for limited repairs to the damaged piles in the water and repairs to the underside of the pier deck that had chipped-away and rusted. The remaining funds would be used for the perimeter walkway that would provide public access to the waterfront that would help fulfill BCDC's mission. Ms. Neches made it clear that the work involved would not permit new uses other than existing uses and the limited repair work would not allow additional uses and intensification of uses on the pier. The Agency's engineering staff and the Port have estimated a strong life span of between 35 and 50 years and more with the proposed repair work. Both the Port and Agency Commissions have expressed great satisfaction with the work that had been undertaken to date and staff felt that SPUR's concerns had been adequately addressed.

Commissioner Yee expressed his great respect for SPUR, but preferred to have received SPUR's letter earlier to allow more time to evaluate its concerns and felt that the requested 90-day delay was a bit long. Mr. Yee suggested a compromise to extend the matter for two weeks to allow SPUR to bring forward any ideas or suggestions to improve the project.

Commissioner Palamountain stated that there was no doubt that the Commission respected SPUR and that her personal respect for SPUR was due to its commitment to community process and planning. Ms. Palamountain felt that there indeed had been such a community process regarding the project. Ms. Palamountain was glad to hear Mr. Norman Pearce clarify that his concerns were about Pier 40, and felt that the Commission had been generally supportive of ensuring that Pier 40 was in a good enough shape to transfer to the Port, but believed that there was nothing that the Commission would know in 90 days about budgeting matters that it did not already know, which was that the City was going through tumultuous economic times. Ms. Palamountain believed that the Commission was committed to seeing that there was public access on Pier 40 and to that part of San Francisco's waterfront. Ms. Palamountain put forth a motion to adopt the item as presented because she felt that the concerns raised by Mr. Pearce had been addressed by staff in the schematic design work.

Commissioner Singh inquired about the April meeting at SPUR and the first letter sent by SPUR to the Agency advising of its concerns about the project, and asked why the Commission was not provided a copy of the letter from SPUR.

Ms. Neches responded that she attended a meeting with SPUR on April 8th and presented the project. SPUR sent a letter to Marcia Rosen on June 5th raising several questions about the proposed project, and a response letter was sent to SPUR on June 27th, and since that time staff had not heard from SPUR until their most recent letter dated July 23rd.

Executive Director Rosen responded that she received the letter from SPUR on June 10th and was addressed to her and the letter was not copied to the Commission. Ms. Rosen stated that she was preparing to leave town at the time the letter was received, and discussed with Amy Neches and asked her to prepare a response and reviewed the response letter before it was sent. Ms. Rosen subsequently spoke with Jim Chappell the Executive Director of SPUR, and informed him that the Agency had prepared a response to the questions raised by SPUR. Ms. Rosen had an opportunity to see and talk to Mr. Chappell at a later time and asked if he had seen the Agency's response letter and Mr. Chappell indicated that he had not had the chance to review the Agency's letter, but would let Ms. Rosen know if there were additional concerns. Ms. Rosen emphasized that SPUR was represented in the Rincon Point – South Beach CAC and its representative had been actively involved in the discussion of the project. Ms. Rosen assured the Commission that staff had incorporated and responded to SPUR's concerns.

Commissioner Singh preferred delaying the matter for 90 days and to hear SPUR's concerns about the project.

Commissioner King was in favor of delaying the matter for 90 days as SPUR requested and reiterated the Commission's respect for SPUR's opinions on planning matters that affect not only Agency projects but citywide. Mr. King stated that waterfront open space was a very important issue and believed that SPUR should review the proposed design because its opinion was widely respected. Mr. King expressed some doubt about some of the design elements and recalled that he had suggested that the Recreation and Park Department be responsible for the harbor improvements and not the Agency or the Port.

Commissioner Romero stated that he too respected SPUR but his respect had been diminished a bit because of the tactic of writing the letter at the time that the matter was before the Commission. Mr. Romero stated that the project had undergone an extensive and lengthy public process and there was ample opportunity for anyone including SPUR to voice any concerns they

had, but only wrote the letter on July 23rd and effectively throw a monkey wrench in the process. Mr. Romero read from a portion of SPUR's letter that stated its major concern that the remaining open space in South Beach was slated to be used for construction of a new building at a cost of \$8 million, when an existing building already slated for rehabilitation could be used for the majority of planned uses. Mr. Romero opined that SPUR's objection to the project was the construction of the new building and not just design issues, and felt that this was a major objection that should have been discussed long before that day (July 23rd). Mr. Romero did not believe that a 90-day delay would be beneficial to the South Beach neighborhood and stated his opposition to delaying the matter. Mr. Romero seconded Commissioner Palamountain's motion to adopt the item as presented.

Commissioner King stated that SPUR should conduct its meeting on the project so that the Agency could learn about any concerns and participate in the meeting, before the Commission considered approving the project.

President Walker shared her respect for SPUR as well as respect for the planning process that had taken place on the project and that SPUR was represented throughout the planning process. Ms. Walker recalled that at the previous workshop, there was discussion and a full public vetting of the issues surrounding options for Pier 40 and it was realized that it was not cost-effective at all to put the proposed uses into the new building. Ms. Walker stated her support for SPUR's position, planning and progressiveness in the City however, in the case of the South Beach Harbor, she believed that the community planning process that was undertaken was an important one and that the number of diverse groups that have participated had to be respected as well. Ms. Walker stated her support for staff's recommendation for the item as presented.

ADOPTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. ROMERO, THAT ITEM 4 (c) RESOLUTION NO. 137-2002, APPROVING THE SCHEMATIC DESIGN FOR THE SOUTH BEACH PARK AND HARBOR IMPROVEMENT PROJECT; RINCON POINT-SOUTH BEACH REDEVELOPMENT PROJECT AREA, BE ADOPTED AND ON ROLL CALL, THE FOLLOWING VOTED "AYE":

Ms. Palamountain
Mr. Romero
Ms. Walker

AND THE FOLLOWING VOTED "NAY":

Mr. King
Mr. Singh
Mr. Yee

AND THE FOLLOWING WERE ABSENT:

Mr. Dunlop

THE ACTING SECRETARY DECLARED THE RESULTS OF THE ROLL CALL VOTE, THREE (3) AYES, THREE (3) NAYS, AND ONE (1) ABSENT.

THE PRESIDENT THEREUPON DECLARED THAT ITEM 4 (c), RESOLUTION NO. 137-2002, FAILED.

Commissioner Yee put forth a motion to reconsider item 4 (c) in two weeks time to see what SPUR had to say before the Commission reconsidered the project.

Commissioner King pointed out that the item had just been voted down and the intent was to wait 90 days until SPUR had the opportunity to review the project.

President Walker explained that the Commission voted down item 4 (c) and there was no other motion on the floor and there was no action moving forward on the matter other than the rejection of staff's recommendation to adopt item 4 (c).

Commissioner King expressed that Commissioner Yee's motion to reconsider the item was incorrect.

President Walker accepted Commissioner King's assertion that Commissioner Yee's motion was incorrect, and the Commission would move on to take up the next item on the Agenda.

Commissioner Palamountain pointed out that since the Commission had not moved on to the next item on the Agenda, Robert's Rules of Orders allowed a motion to be made on the matter pending before the Commission.

Acting General Counsel Penny Nakatsu agreed that such a motion could be accepted under Robert's Rules of Order.

Commissioner Yee explained that his motion was to allow SPUR to provide additional information before the Commission reconsidered the item.

Commissioner Singh pointed out that SPUR was not meeting until August 19th to discuss the project and how could they review the project when Commissioner Yee's motion was for the Commission to reconsider the item in two weeks.

Commissioner Palamountain seconded Commissioner Yee's motion and suggested a friendly amendment to schedule the reconsideration to the meeting of August 13th since there was no scheduled Commission meeting on August 6th. Commissioner Yee accepted the friendly amendment.

Commissioner King expressed that the motion was incorrect and that he disagreed with the Acting General Counsel with her ruling, because Robert's Rules or Order did not allow a motion to be made on a an item that had just been voted down by the Commission. Mr. King stated that the Commission should have moved on to the next item on the Agenda, and if any Commissioner wanted to put anything on a future Agenda, they could do so under new business and the Acting General Counsel was mistaken in her ruling.

President Walker accepted the motion and Acting General Counsel's opinion on making of the motion under Robert's Rules or Order.

Commissioner Singh agreed with Commissioner King's comments that a motion could not be made to reconsider an item that had just been voted down by the Commission.

Commissioner Yee agreed with the Acting General Counsel's ruling.

MOTION: IT WAS MOVED BY MR. YEE, SECONDED BY MS. PALAMOUNTAIN, TO RECONSIDER ITEM 4 (c) RESOLUTION NO. 137-2002, APPROVING THE SCHEMATIC DESIGN FOR THE SOUTH BEACH PARK AND HARBOR IMPROVEMENT PROJECT; RINCON POINT-SOUTH BEACH REDEVELOPMENT PROJECT AREA, AT THE COMMISSION MEETING OF AUGUST 13, 2002, AND ON ROLL CALL THE FOLLOWING VOTED "AYE":

Ms. Palamountain
Mr. Romero
Mr. Yee
Ms. Walker

AND THE FOLLOWING VOTED "NAY":

Mr. King
Mr. Singh

AND THE FOLLOWING WERE ABSENT:

Mr. Dunlop

THE ACTING SECRETARY DECLARED THE RESULTS OF THE ROLL CALL VOTE, FOUR (4) AYES, TWO (2) NAYS, AND ONE (1) ABSENT.

THE PRESIDENT THEREUPON DECLARED THAT THE MOTION CARRIED.

5. MATTERS NOT APPEARING ON AGENDA - None.

6. PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA BUT AGENCY RELATED MATTERS

- Mary Helen Rogers, Cornelius Ross, Derf Butler, Keith Jackson, Jo Richards, Charlie Walker, Michael Vanderhorst, Kevin Jefferson, Carmen Johnson, Ulysses Montgomery, Dexter Woods

7. REPORT OF THE PRESIDENT

- President Walker acknowledged the public's testimony regarding Parcel 732-A and although the matter had not been discussed at previous Agenda-Setting meetings, it was important to talk about communications about the Parcel 732-A RFP and why members of the public thought that the matter was before the Commission on July 30th, as well as someone had mentioned that they have seen the RFP responses, but that she had not seen the responses herself. Ms. Walker reiterated the Agency's and her commitment to economic development for Parcel 732-A and looked forward to the matter coming before the Commission. Ms. Walker asked that an update on the Parcel 732-A RFP be provided during the Executive Director's Report.
- President Walker addressed the Commission's decorum during meetings and recalled hearing that Commission meetings (before she came to the Commission) where often described as "free-for-all" and for the past few months (since her arrival at the Commission) the meetings had been described as boring because Commissioners have held back on the back and forth discourse that occurred in the past. Ms. Walker reminded everyone that due to medical reasons surrounding her pregnancy, she had earlier announced that she would be leaving the Commission and hoped that after she left the Commission, that there would be continued decorum during meetings and only substantive comments on important issues were discussed as the Commission continued to work on the public trust.

- President Walker informed the Commission that there would a Commission meeting on July 30th even though there was only one action item because there were three closed session items scheduled for July 30th as well.
- President Walker asked that when staff did community outreach on substantive matters in particular, the scheduling of items, that staff was certain of the scheduled date so that there was not a level of commitment to a date that the Commission was not aware of or agreed upon.

8. REPORT OF THE EXECUTIVE DIRECTOR

- Executive Director Rosen first provided an update on the Parcel 732-A RFP matter and believed that there had been a misunderstanding by members of the public about the scheduling of the matter before the Commission. Ms. Rosen explained that at the community meeting held at the end of June, Agency staff had stated that it hoped to schedule the matter before the Commission on July 30th but that date had not been scheduled or discussed with the Commission President and Vice-President in any Agenda-Setting meetings. Agency staff had taken very seriously the community process that the Agency embarked on last summer and what Agency staff heard at the community meetings, what was presented at the Commission workshop and included in the RFP that was published, was the community and the Commission's desire that Parcel 732-A be used as a catalyst for the economic revitalization of the lower Fillmore district, and all proposals should be evaluated in light of the developers' ability to create that economic activity for the larger community benefit. In light of that goal and at the Commission's directions, Agency staff contracted with Bay Area Economics to assist the Agency in evaluating proposals against that benchmark along with other criteria and to date, did not have a completed evaluation of the responses to the RFP. Agency staff wanted to make sure that there was adequate community input and time for the prospective developers, and in light of that, the Agency wrote to the two responders the previous week and indicated that staff was not ready to proceed with a Commission workshop on July 30th and gave them early notice that it was staff intention to ask the Commission to calendar the workshop at its meeting of August 20th. Ms. Rosen apologized for any misunderstanding and that it should not be interpreted that the Agency was canceling a meeting because no such meeting had been scheduled and staff was simply trying to complete its evaluation to the Commission as thoroughly and as responsibly to the community and Commission's concerns that have been raised. Ms. Rosen stated that staff was recommending a Commission workshop for August 20th.

- Executive Director Rosen responded to Mary Rogers' question regarding the Community Bank of the Bay matter and informed the Commission that the Agency had just received a wire transfer of all outstanding funds from Community Bank of the Bay that afternoon. Ms. Rosen added that staff would be working in consultation with the Mayor's Offices of Community and Economic Development to identify other financial institutions and loan packaging providers that could assist the Agency in restarting the loan program in Western Addition.
- Executive Director Rosen provided a report on the Agency's working group that advised the Agency on its purchasing policies. A meeting was held on July 11 where Commissioners King and Singh attended and the working group made a recommendation that the Agency's purchasing policy be amended for a period of one year and staff was preparing a recommendation for Commission approval tentatively scheduled for the meeting of August 13th, subject to the Agenda-Setting with the Commission President and Vice-President.
- Board of Supervisors actions at its meeting of July 15th – unanimous vote by the Board of Supervisors approving the Agency's 2002-2003 budget and acknowledged the hard work of Deputy Executive Director Ayisha Benham and Financial Manager Mario Menchini. The other Board action was a public hearing and action on the lease for the Dudley Hotel, which was the ground lease structure for preserving affordable housing, with a unanimous vote that included a minor amendment that required the future sale of the Dudley Hotel to come before the Board.

9. COMMISSIONERS QUESTIONS AND MATTERS

- Commissioner King was very disturbed to hear the public comment regarding Parcel 732-A and that he had received telephone calls at home regarding a letter from the Agency to the developers stating that the July 30th meeting on Parcel 732-A was being cancelled. Mr. King stated that he was the only one who attended the community meeting and that there should have been a report from staff about the outcome of the community meeting and there should have been a closed session meeting regarding the RFP and none had been scheduled. Mr. King pointed out that the Commission had not held a workshop on the RFP responses and felt that a workshop should be held on July 30th as was indicated to the community, and staff could provide an update or a report and not necessarily a recommendation. Mr. King wanted to have the workshop held on July 30th.

- Commissioner Yee admonished staff to refrain from indicating disagreement with Commissioner's motions, with their body language such as shaking their heads because that was very inappropriate as it was the Commission who made decisions for the Agency and hoped that staff understood that.

Commissioner Yee recalled the Executive Director's report about the Dudley Hotel and shared that he watched the Board's public hearing and complimented Harvey Rose for pointing out that there was no Board approval required for the sale of the property and for suggesting that the Board resolution be amended to include Board approval for the future sale of the property.

Commissioner Yee agreed that the Parcel 732-A RFP matter should not be delayed further and to go ahead with a workshop on July 30th because the Agency already had the responses and even if staff had not completed its evaluation, they should provide whatever information they have to the Commission so that the Commission can make the decision. Mr. Yee asked the Executive Director to clarify her earlier statement that staff hired an outside consultant to conduct the evaluation of the responses to the RFP.

Executive Director Rosen responded that at the direction of the Commission, Agency staff retained an outside consultant not to do the evaluation but to assist with and augment staff's own evaluation of the responses. Staff wanted to have the benefit of the consultant's completed report before preparing the workshop memorandum for the Commission's consideration and to have adequate notice time of the workshop to the community and the developers, and staff was recommending August 20th to hold the workshop. Ms. Rosen pointed out that the Agenda packet for the July 30th meeting was going to be sent out that Thursday, July 25th, and since the consultant's report had not been completed, which means that staff could not prepare the Commission memorandum, there was not adequate time to schedule the workshop for July 30th. Ms. Rosen again apologized to members of the community for the premature announcement of a tentative date for the workshop and although it was not prudent for staff to discuss a Commission meeting schedule without first discussing it with the Executive Director and the Commission, it was an example of staff's diligence and desire to move expeditiously with the project, all in the spirit of being responsive to the community.

Commissioner Yee asked how much time was necessary to review responses to RFP, particularly for Parcel 732-A with only two respondents.

Executive Director Rosen stated that it depended upon the level of complexity of the proposed project. In the case of Parcel 732-A the Agency not only required the RFP respondents to submit proposals for the actual site that included a multitude and combination of uses, but also the developer's ability to respond to the issue of economic revitalization for the lower Fillmore district. In addition, staff had to evaluate the project's overall objectives and provide a thorough and informed analysis to the Commission so that it could make informed decisions.

Commissioner Yee asked when the deadline was for responding to the RFP.

Executive Director Rosen responded that it was March 25th.

Commissioner Yee observed that it had been four months since that the deadline and opined that was more than enough time for staff to complete its evaluation of the two responses to the RFP. Mr. Yee asked what the problem was in scheduling the workshop the following week on July 30th.

Executive Director Rosen repeated that staff would not have the benefit of the consultant's final report and without that analysis, the Commission may be handicapped in making an informed decision on the project. Ms. Rosen respectfully asked the Commission to consider staff's recommendation to hold the workshop on August 20th in order to have a thorough report from staff.

Commissioner Palamountain shared that she received a report about the Fillmore Jazz festival; a letter addressed to Ms. Shirley Wysinger, and thanked staff for passing the report to the Commission. Ms. Palamountain also thanked the organizers for preparing the report and acknowledged Mr. Jefferson's presence and expressed her appreciation for the statistical data provided such as 55,000 attendees to the festival. Ms. Palamountain thought it was very helpful to the Commission to hear about the success of the festival and felt good about the Agency supporting such community events and its positive impact in furthering economic development and revitalization in the community. Ms. Palamountain also shared a brochure about the Fillmore Merchants Association and urged any business in the area that was not a member, to pick up the brochure and join the merchants association. Ms. Palamountain again thanked the Jazz festival organizers for taking the time and effort to prepare such a comprehensive report on the event.

Commissioner King recommended a workshop on the Parcel 732-A RFP be scheduled for July 30th so that the Commission could hear the two developers present their proposals and staff would still have enough time to evaluate the proposals and present their concerns.

Commissioner King put forth a motion to have a workshop on July 30th. Commissioner Yee seconded the motion.

President Walker thought it would be helpful to the Commission to have the completed report from the consultant and staff's complete evaluation and recommendation, in particular the economic development component. Ms. Walker asked how much information could be made available from staff by July 30th.

Executive Director Rosen recalled that Commissioner King's suggestion was to hear the two developers present their proposals to the Commission, but she preferred to have a completed staff evaluation of the proposals be submitted to the Commission and not a partial evaluation. Ms. Rosen stated that it was at the Commission's discretion if it only wanted to hear the developers' presentation without staff evaluation, and informed the Commission that staff had been advised that one of the two developers would not be available on July 30th, so if a workshop was scheduled for July 30th there would probably be only one developer presentation.

Commissioner Singh commented that it would not be useful to have the workshop if only one of the two developers was able to make the meeting.

Commissioner Romero stated that given the delays that Parcel 732-A had experienced, another three weeks was not going to make much difference. Mr. Romero preferred to have staff's completed evaluation of the two proposals in order for the Commission to make informed decisions about the project.

Commissioner Yee repeated that staff had enough time in the past four months to evaluate the two proposals and remarked that it should not take that long to review two proposals. Mr. Yee pointed out that there was a motion on the floor and called for the question.

Commissioner Romero pointed out that if the workshop was held on July 30th, the developer that was not able to attend would have a claim of unfair treatment and the Commission would not have the benefit of staff's completed evaluation.

Commissioner King was puzzled that one of the developers had notified staff that they would not be available on July 30th when according to staff, a workshop had not been scheduled.

Executive Director Rosen explained that the developer was responding to the date (July 30th) that was mentioned at the community meeting, and then wrote to staff informing that they would not be able to attend the July 30th meeting.

President Walker expressed concern about dates that were not discussed at Agenda-setting with the President and Vice-President and did not believe that the workshop would be productive if one of the two respondents were not able to attend and participate. Ms. Walker urged staff to be diligent about community outreach particularly on an important project like Parcel 732-A.

MOTION: IT WAS MOVED BY MR. KING, SECONDED BY MR. YEE, THAT A WORKSHOP BE HELD ON JULY 30, 2002 TO HEAR PRESENTATIONS FROM THE TWO DEVELOPERS THAT RESPONDED TO THE PARCEL 732-A RFP, AND ON ROLL CALL, THE FOLLOWING VOTED "AYE":

Mr. King
Mr. Yee

AND THE FOLLOWING VOTED "NAY":

Ms. Palamountain
Mr. Romero
Mr. Singh
Ms. Walker

AND THE FOLLOWING WERE ABSENT:

Mr. Dunlop

THE ACTING SECRETARY DECLARED THE RESULTS OF THE ROLL CALL VOTE, TWO (2) AYES, FOUR (4) NAYS, AND ONE (1) ABSENT.

THE PRESIDENT THEREUPON DECLARED THAT THE MOTION FAILED.

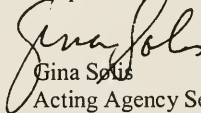
10. **CLOSED SESSION**

- (a) Pursuant to Government Code §54957.6 to instruct the Agency's designated representatives to negotiate with the International Federation of Professional and Technical Engineers Local 21 (IFPTE Local 21). Agency designated representatives: Marcia Rosen, Ayisha Benham, Ora Williams and Chris Iglesias.
- (b) Pursuant to Government Code Section 54956.9(a): Conference with Legal Counsel regarding existing litigation: Armax Yerba Buena, LLC v. San Francisco Redevelopment Agency, San Francisco County Superior, Case No. CGC-01-402761
- (c) Pursuant to Government Code §54956.8 to instruct the Agency's negotiators with respect to terms and conditions of payment regarding the proposed lease of the Agency owned site known as Jessie Square, located on the north side of Mission Street between Third and Fourth Streets; Yerba Buena Center Redevelopment Project Area. Agency negotiators: Marcia Rosen, Helen Sause, William Carney and Judy Eng

11. **ADJOURNMENT**

It was moved by Mr. Singh, seconded by Ms. Palamountain, and unanimously carried that the meeting be adjourned. The meeting adjourned at 9:30 p.m.

Respectfully submitted,



Gina Solis
Acting Agency Secretary
(Prepared by Erwin R. Tanjuaquio)

APPROVED:

August 20, 2002

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
30TH DAY OF JULY 2002

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 4:00p.m. on the 30th day of July 2002, at the place and date duly established for holding of such a meeting.

Acting President Kathryn C. Palamountain called the meeting to order at 4:00 p.m. Ms. Palamountain welcomed members of the public and asked that cell phones and pagers be turned off during the meeting. Ms. Palamountain reminded members of the public wishing to address the Commission to fill out speaker cards.

1. **RECOGNITION OF A QUORUM**

The Acting Commission Secretary announced the presence of a quorum with the following Commissioners present.

Kathryn C. Palamountain, Vice President
Leroy King
Mark Dunlop
Ramon E. Romero
Darshan Singh
Benny Y. Yee

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And the following were absent:

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Chantel L. Walker, President

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Marcia Rosen, Executive Director and staff members were also present. Gina Solis was Acting Commission Secretary.

2. **REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY.** None.

3. **MATTERS OF UNFINISHED BUSINESS:** None.

4. **MATTERS OF NEW BUSINESS:**

REGULAR AGENDA

Items 4(a) and (b) were presented together and acted upon separately.

- 4 (a) Resolution No. 138-2002, Authorizing a Tax Increment Loan Agreement with 32-40 6th Street, LLC, a California limited liability company, in an amount not to exceed \$142,785, for predevelopment activities related to the rehabilitation of the Seneca Hotel, located at 32-40 Sixth Street, South of Market Earthquake Recovery Redevelopment Project Area
- 4 (b) Resolution No. 139-2002, Authorizing Agency's Consent, as Lender, to the First Amendment to the Master Lease and the Assignment of Rights under the Master Lease, both between 32-40 6th Street, LLC, a California limited liability company, and Tenderloin Housing Clinic, a California nonprofit public benefit corporation, in conjunction with the rehabilitation of the Seneca Hotel, located at 32-40 Sixth Street, South of Market Earthquake Recovery Redevelopment Project Area

Presenters: Olson Lee (Agency staff)

Speakers: Joanna Hagerty, Matthew Hammond, Ana Bolton Arguello, Deforest Woods, Yolanda Warren, James Rousku, Earl Brown, Delphine Brody, Mary Helen Rogers, Chester Sherry

Commissioner Singh inquired about the number of affordable units and asked why only 88 of the 204 units were affordable units. Mr. Singh also asked whom the loan and lease were with. Mr. Singh asked about the provision of washers and dryers for the housing units.

Mr. Olson Lee responded that under the master lease between the Tenderloin Housing Clinic and the owner, all 204 units were affordable with rent subsidies from the Department of Human Services. The Agency loan was to provide the subsidized rents for 88 units that would remain affordable for a period of 20 years. The Agency loan was with the owner of the hotel and the lease was between the owner and the Tenderloin Housing Clinic. Mr. Lee informed the Commission that the first priority in the rehabilitation of the Seneca Hotel was to ensure that the elevator was in safe working order and given the availability of funds, other improvements such as kitchens, washers and dryers would be provided.

Commissioner Singh thought that the Seneca Hotel was a good project and put forth a motion to adopt item 4 (a).

Commissioner Yee asked if the Tenderloin Housing Clinic was related to the Tenderloin Neighborhood Development Corporation (TNDC). Mr. Yee also asked about the one million dollar set aside for the project. Mr. Yee pointed to the April 6, 2001 memorandum that referred to the Citywide Affordable Housing Loan Committee and stated that he had never heard of such a loan committee and asked how many and who served on the loan committee.

Mr. Olson Lee responded that the Tenderloin Housing Clinic was not related with TNDC and that they were separate entities. Mr. Lee explained that the one million dollar set aside included the predevelopment loan request before the Commission and also the construction costs for the Seneca Hotel. Mr. Lee informed the Commission that the Citywide Affordable Housing Loan Committee reviewed all tax increment financed affordable housing developments and made recommendations to the Agency Commission. Additionally, the loan committee provided technical review to ensure that the Agency was funding housing projects consistent with what other City agencies were funding and to help coordinate the implementation of affordable housing policies citywide. The loan committee consisted of three members, the executive directors of the Redevelopment Agency, the Mayor's Office of Housing and the Mayor's Office of Homelessness Services.

Commissioner Yee stated that the Seneca Hotel was a wonderful project and seconded Commissioner Singh's motion to adopt item 4 (a).

Commissioner Dunlop thanked members of the public and residents of the Seneca Hotel that attended the meeting and applauded their efforts and commitment. Mr. Dunlop expressed concerns with the master leasing of the Seneca Hotel and felt that was a departure from the Agency's intended acquisition program for Sixth Street residential properties within South of Market.

Mr. Olson Lee assured the Commission that the Agency had not moved away from the project area goals of acquisition and rehabilitation for the long-term affordable housing. One of the goals of the project area plan was to assist owners in alleviating health and safety issues of properties and to ensure the safety of residents. The rehabilitation program was not intended necessarily to facilitate master leases but there could be situations such as the Seneca Hotel, where there was an existing master lease between the owner and a service provider. In this case, the Agency would provide the funds to address the property's health and safety issues as well as to provide long-term affordable housing units. The program was not intended to rehabilitate master leased residential hotels rather, to rehabilitate privately owned residential hotels that would ensure the long-term affordability of the housing units. The Seneca Hotel just happened to be a master leased hotel that the Agency was assisting.

Commissioner Dunlop inquired about the lease terms, that there was a renewable one-year lease with a 10-year renewal feature and asked if at the end of one year the parties opt out of the lease, would the Agency be left with only the 88 affordable units. Mr. Dunlop observed that the program did not seem to be landlord friendly.

Mr. Olson Lee affirmed and explained that for the remainder of the units that are funded by the City, they were limited by the annual budget appropriations and the City could not bind itself beyond the yearly budget cycle and the availability of funds, but the preservation of affordable units was clearly a priority for the City. Mr. Lee stated that there were some concerns with the public process and the requirements of public funding and there was not a great deal of interest in seeking public funds by private property owners from the Agency. The program initially intended to work with the City's Unreinforced Masonry Building (UMB) program. Unfortunately, the UMB program had not been overly subscribed by private property owners. Staff had hoped to supplement that program for UMBs in the project area to help encourage property owners to do their own seismic upgrades. Mr. Lee added that most of the seismic upgrades in the project area was paid for by private property owners in compliance with the City's UMB ordinance.

Commissioner Dunlop expressed that he would like to see the acquisition program for South of Market soon so that issues and concerns may be addressed. Mr. Dunlop observed that most of the buildings had code violations that the owners had the responsibility to correct. Mr. Dunlop inquired about the \$1 million cap for the loan and asked if that was the recommended limit for the program.

Mr. Olson Lee responded that some of the proposed rehabilitation are building code violations and some are discretionary matters such as the provision of community kitchens or laundry rooms where they did not exist before and the property owners were not obligated to provide. Mr. Lee informed the Commission that for the Seneca Hotel the loan amount limit was up to \$1 million.

Executive Director Rosen added that the program for the Seneca Hotel was similar to a pilot program to see how the program might work and to recommend to the Commission what the parameters and programmatic basis could be. The conditions for the loan and program package presented to property owners in 1999 were not something that the owners were interested in at the time, and now there was an owner that was interested in participating in the program, but it would be premature to advise the Commission about programmatic recommendations for the cap and to see what the potential was for such a program. Because the Agency's primary strategy was the acquisition and rehabilitation of properties to ensure long-

term affordability and quality control, staff wanted to make sure that the Agency was not making capital investments in privately-owned properties that would enhance the property's value that would then be sold to a third party. The enhanced property value from the Agency's contribution would give the Agency the right of first refusal if the property was put up for sale, and the Agency would have the right to purchase with an adjustment of the depreciated value of the Agency's investment. As a result of the loan, the Agency would have an interest in the property that could lead to the long-term acquisition, and if acquisition was not realized, at least there would have been improvements to the quality of life for the residents.

Commissioner Dunlop verified that the Seneca Hotel project was intended to augment and not supplant the Agency's acquisition and rehabilitation program for South of Market.

Executive Director Rosen affirmed and stated that was a way of improving not only the quality of life for the residents but also increasing the number of affordable units.

Commissioner Romero explained to the tenants that although it seemed like the Commission was opposing the project with questions about the financing structure, the Commission was expressing concerns that the public was getting the value of the public investment and ensuring the long-term benefit to the residents and not to benefit the private ownership of the property. Mr. Romero asked how the annual lease renewal worked, its terms and conditions and who makes the decision on the renewal.

Mr. Olson Lee understood that the Department of Human Services made the decision on the lease renewal based upon Tenderloin Housing Clinic's performance and meeting the contract terms.

Executive Director Rosen clarified that the lease was between Tenderloin Housing Clinic and the owner, but the lease was supported by a separate contract between the Department of Human Services and Tenderloin Housing Clinic. The owner was obliged to renew and the question was whether Tenderloin Housing Clinic had the resources to keep the rents affordable. Another provision was the assignment of the lessee's interest so that if it came to pass that Tenderloin Housing Clinic no longer wanted to be in that business or did not obtain funding, the Agency would at least have the opportunity to look into exercising that right or maybe have the opportunity to acquire the property. The particular program for the Seneca Hotel was designed to improve the quality of the amenities provided beyond what was offered by the private owner, and to do so in a prudent way that was equivalent in value of the Agency dollars invested per years of affordability per room. As a matter of policy, the City's Department of Human Services and the Board of Supervisors have supported the master

lease program and attempted to add additional master leases through the Department of Human Services and the Department of Health's budget using general fund dollars.

Commissioner Romero asked if there were other examples of master leases that have been undertaken through the years.

Executive Director Rosen responded that there were other master lease hotels and that the City's master lease program through the Departments of Human Services and Public Health involved between 8 to 10 hotels. One master-lease hotel, the Hartland Hotel, had a rehabilitation loan through the Mayor's Office of Housing. The Agency's program was intended to improve the quality of life for residents of privately owned hotels concentrated in the South of Market and to revitalize the area overall. With the significant number of hotels, it was not possible to acquire all of them. Some owners did not want to sell, and some tenants that were generally satisfied with their residences, but would appreciate certain upgrades. This was the program that staff was pursuing to address the quality of life issues and to augment the acquisition program.

Commissioner Romero expressed the same concerns as Commissioner Dunlop and suggested a workshop on the master lease program before considering another project like the Seneca Hotel. Mr. Romero viewed that particular project as somewhat outside of the mainstream of what the Agency did and felt that before the Agency moves toward a significant policy direction, there ought to be a thorough discussion instead of narrowly looking at one particular project. Mr. Romero realized that the Commission would not be the entity that would exercise the option to renew the lease.

Executive Director Rosen affirmed and clarified that the Agency would have the assignment rights if the lease was not renewed, allowing the Agency to assume the lease itself or find another entity to undertake the lease.

Commissioner Yee recalled that the predevelopment loan request was for \$140,000 with a future construction loan of \$850,000 and opined that the amount was not adequate to address all of the building code issues, ADA requirements, the elevator, etc. and asked if staff had an estimate for the total renovation of the Seneca Hotel. Mr. Yee also asked if the \$1 million estimate was adequate to address the quality of life improvements.

Mr. Olson Lee responded that the staff was not requesting a total renovation and was looking to improve the quality of life for the residents. The goal of the program was to provide for the immediate health and safety improvements including discretionary amenities and beyond that, if there

were code deficiencies, the owner would be obligated to meet all City codes under both the loan and lease agreements.

Acting President Palamountain thanked all of the residents who came to the meeting. Ms. Palamountain understood that the master lease program was different from the South of Market SRO owners rehabilitation program and asked if the Commission had approved the SRO owner rehabilitation program. Ms. Palamountain stated that she had not heard of the program and requested a description of the program goals.

Mr. Olson Lee responded that the SRO owner rehabilitation program had not been approved by a resolution of the Commission. The program had been highlighted to the Commission through the South of Market Implementation Plan and identified in various budget submissions and specifically the Seneca Hotel project was identified in previous budget submissions. Mr. Lee stated that one of the goals of the Seneca Hotel transaction was to provide the opportunity to have input from the Commission on the proposed rehabilitation program prior to a Commission workshop. There were general descriptions of the program included in the informational memorandum to the Commission. Mr. Lee stated that the goal of the program was to assist in the implementation of the South of Market Redevelopment Plan, which in part was to revitalize Sixth Street. The Agency was achieving this goal primarily with capital projects and through the acquisition and rehabilitation of properties. The particular loan program, which was separate from the master lease program, was to supplement the Agency's efforts in acquiring properties for the long-term and since the acquisition was a lengthy process, the loan program was intended to provide for improved housing on a short-term basis to owners who were not interested in selling their properties to the Agency.

Commissioner Palamountain expressed concern that owners who did not want to sell to the Agency and did not want to participate in the acquisition program for long term affordable housing, but had the option to participate in a loan program that had shorter time limits for the affordability of the units could take advantage of the increased property values, by selling the property. Ms. Palamountain asked what the Agency's long-term strategy for addressing the tension between providing the capital to improve the property that may ultimately displace low-income tenants.

Mr. Olson Lee explained that the Seneca Hotel project was a small part of the Agency's overall affordable housing program and the level of commitment was limited by the amount of the Agency's investment in the program under the program.

Commissioner Palamountain expressed concern that when the Agency provided the capital to improve the neighborhood and the property values went up, the Agency would have little or no control over how the development of the neighborhood moved forward.

Executive Director Rosen explained that the Agency actually had more control under the program because the Agency was the lender and had the right of first refusal.

Commissioner Palamountain clarified that under the provision of the right of first refusal, the Agency would have the opportunity to purchase the property at its market value. Ms. Palamountain recalled Commissioner Yee's comment that the property value would increase significantly with the Agency's investment of \$1 million and since the Agency was not an equity partner, it would have to pay the increased market value of the property less the Agency's investment.

Executive Director Rosen stated that the Agency had acquired property always at the property's appraised value and had the added protection of getting the credit for the depreciated value for the Agency's investment and not having to pay twice the Agency's same capital investment. Ms. Rosen agreed that the Agency would have to pay the market value, but pointed out that in the meantime there would be improved living conditions for the low-income and elderly tenants, including disabled people. Ms. Rosen added that improved quality of life for the existing tenants would not be achieved if the property was privately financed and rehabilitated, and with the Agency's investment there was some assurance of protecting the tenants from being displaced.

Commissioner Palamountain asked if there were other examples of other cities or neighborhoods that have undertaken such a program. Ms. Rosen was not aware of other cities with similar programs. San Francisco's programs were often unique because San Francisco had always been an innovator when it came to affordable housing, but in preparation for a Commission workshop, staff would do the research. Ms. Palamountain agreed that the City was an innovator but was concerned that the Agency not work at cross-purposes with its stated goal of preserving as much affordable housing as possible. Ms. Palamountain referred to the lease provision (between the owner and Tenderloin Housing Clinic) that obligated the owner to correct the building code violations including the elevator and asked for an explanation from staff.

Ms. Drennan Shelton from the Tenderloin Housing Clinic explained that as property managers, they worked with the owner to ensure that the property was adequately maintained and that the owner had been paying for repairs to correct the code violations including the elevator. The elevator was up to

code and the intent was to rehabilitate the whole elevator to eliminate the need for recurring expenses to keep it up to code.

Executive Director Rosen stated that the elevator issue should be further investigated and pointed out that what was before the Commission was a predevelopment loan and suggested that General Counsel look at the owner's specific obligations for the specific repair.

Commissioner Palamountain asked if the Agency was pursuing the assignment of the right to renew the lease and if the Agency could take over or pay for the lease should the Department of Human Services opt out of funding the lease.

Executive Director Rosen affirmed that the Agency had an assignment, but it was the Commission's decision to exercise that right and explained that there were two transactions, first, the lease between Tenderloin Housing Clinic and the owner, and second, an annual operating contract or grant agreement between the Department of Human Services and Tenderloin Housing Clinic. The Agency had the assignment of the lease subject to certain terms and conditions and directions from the Commission.

Commissioner Palamountain felt that the funding of the annual lease would be radical departure from Agency policy and preferred to have a policy discussion outside of the specific Seneca Hotel project and hoped that a Commission workshop would be scheduled in the near future.

Commissioner Singh asked about City Housing and its relationship with Tenderloin Housing Clinic, if it was funded by the City and the number of properties managed by City Housing.

Ms. Anna Bolton Arguello from City Housing Incorporated explained that the Tenderloin Housing Clinic master leased the property from the owner and Tenderloin Housing Clinic contracted with City Housing Incorporated to manage the property. Ms. Arguello affirmed that they were funded by the City, and that they currently managed 840 units in San Francisco, one in the Mission, four in the Tenderloin and one in the South of Market.

Commissioner Yee appreciated Acting President Palamountain's comments about the potential displacement of low-income tenants and agreed that could be a problem in the next few years. Mr. Yee observed that as the Agency worked to improve the Sixth Street corridor the property values would indeed appreciate and even though the area needed a lot of improvement at the present time, there would a time in the future where the area would experience growth and improvement. Mr. Yee requested staff to prepare a response to the Commission's concern with the potential

displacement of low-income tenants and how the Agency may address the issue.

Commissioner Dunlop stated that he would support the items because the repairs were necessary, but acknowledged the issues and questions raised by the Commission and hoped that there would be a policy discussion soon. Mr. Dunlop called for the question on the two items.

ADOPTION: IT WAS MOVED BY MR. SINGH, SECONDED BY MR. YEE THAT ITEM 4 (a) RESOLUTION NO. 138-2002, AUTHORIZING A TAX INCREMENT LOAN AGREEMENT WITH 32-40 6TH STREET, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, IN AN AMOUNT NOT TO EXCEED \$142,785, FOR PREDEVELOPMENT ACTIVITIES RELATED TO THE REHABILITATION OF THE SENECA HOTEL, LOCATED AT 32-40 SIXTH STREET, SOUTH OF MARKET EARTHQUAKE RECOVERY REDEVELOPMENT PROJECT AREA, BE ADOPTED AND ON ROLL CALL, THE FOLLOWING VOTED “AYE”:

Mr. Dunlop
Mr. King
Mr. Romero
Mr. Singh
Mr. Yee

AND THE FOLLOWING VOTED “NAY”:

Ms. Palamountain

AND THE FOLLOWING WERE ABSENT:

Ms. Walker

THE ACTING SECRETARY DECLARED THE RESULTS OF THE ROLL CALL VOTE, FIVE (5) AYES, ONE (1) NAY, AND ONE (1) ABSENT.

THE ACTING PRESIDENT THEREUPON DECLARED THAT ITEM 4 (a), RESOLUTION NO. 138-2002, WAS ADOPTED.

ADOPTION: IT WAS MOVED BY MR. YEE, SECONDED BY MR. SINGH, THAT ITEM 4 (b) RESOLUTION NO. 139-2002, AUTHORIZING AGENCY'S CONSENT, AS LENDER, TO THE FIRST AMENDMENT TO THE MASTER LEASE AND THE ASSIGNMENT OF RIGHTS UNDER THE MASTER LEASE, BOTH BETWEEN 32-40 6TH STREET, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, AND TENDERLOIN HOUSING CLINIC, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, IN CONJUNCTION WITH THE REHABILITATION OF THE SENECA HOTEL, LOCATED AT 32-40 SIXTH STREET, SOUTH OF MARKET EARTHQUAKE RECOVERY REDEVELOPMENT PROJECT AREA, BE ADOPTED AND ON ROLL CALL, THE FOLLOWING VOTED "AYE":

Mr. Dunlop
Mr. King
Mr. Romero
Mr. Singh
Mr. Yee

AND THE FOLLOWING VOTED "NAY":

Ms. Palamountain

AND THE FOLLOWING WERE ABSENT:

Ms. Walker

THE ACTING SECRETARY DECLARED THE RESULTS OF THE ROLL CALL VOTE, FIVE (5) AYES, ONE (1) NAY, AND ONE (1) ABSENT.

THE ACTING PRESIDENT THEREUPON DECLARED THAT ITEM 4 (b), RESOLUTION NO. 139-2002, WAS ADOPTED.

5. **MATTERS NOT APPEARING ON AGENDA** - None.

6. **PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA BUT AGENCY RELATED MATTERS**

- Mary Helen Rogers, Michael Vanderhorst, Derf Butler

7. REPORT OF THE PRESIDENT

- Acting President Palamountain asked staff to provide her a copy of the material regarding Bank of the Bay requested by Mary Helen Rogers.
- Requested staff to consult with the Board of Supervisors regarding holding the August 20th Commission meeting in the Board Chambers.
- Informed the Commission and the public that members of the Japantown community had requested that the Commission meeting to consider an OPA for the 1790 Post Street (former Japantown Bowl site) project be held in the community, but because of difficult logistics and other calendar items for the meeting of August 13th, it was decided to hold that Commission meeting at the regular meeting place in City Hall. Ms. Palamountain explained that President Walker, the Executive Director and she were supportive of holding Commission meetings in the communities that the Agency served and the decision to hold the August 13th meeting in City Hall was not an opposition to the community's request.
- Thanked Ms. Gina Solis for doing an outstanding job as Acting Commission Secretary in addition to her other duties.

8. REPORT OF THE EXECUTIVE DIRECTOR

- Informational Memorandum regarding Owner Participation Agreement with 1600 Webster Street Associates for the 1790 Post Street (former Japantown Bowl site) project.
- Informational Memorandum regarding the approval of the South Beach Harbor and Park improvement project schematic design – meeting with SPUR on July 31st to discuss their concerns (Amy Neches, Senior Project Manager and the Executive Director will be attending)
- Board of Supervisors Health and Human Services Committee had calendared a hearing on the Civil Grand Jury report regarding the Hunters Point Shipyard on August 1st at 1:00 p.m. Staff was preparing a response and will keep the Commission informed.

9. COMMISSIONERS QUESTIONS AND MATTERS

- Commissioner King asked if the meeting with SPUR was open to the public.

Executive Director Rosen responded that SPUR had invited staff to meet and discuss issues about the South Beach Harbor and Park project and was not aware if the meeting was open to the general public. Ms. Rosen believed that the July 31st meeting was a meeting of a sub-committee of SPUR.

- Commissioner King agreed with Acting President Palamountain that the August 13th meeting be held in the Commission's regular meeting place in City Hall because of other matters on the agenda, specifically the South Beach Harbor and Park project.
- Commissioner King referred to a letter regarding the Parcel 732-A project that imposed a ten-minute time limit for developer presentations and stated that he had not previously heard of such a time limit.

Executive Director Rosen understood that the ten-minute time limit for developer presentation was the Agency's standard practice and the developers would have the opportunity to respond to Commissioners' questions.

- Commissioner Yee agreed with the Executive Director and recalled that it was standard practice to provide ten minutes for developer presentations and it was at the discretion of the chair to extend that time limit.
- Commission Yee asked about the status of the St. Regis Hotel project.

Executive Director Rosen was glad that Commissioner Yee asked about the St. Regis Hotel project because she personally inspected the construction site the previous Saturday and reported that the project was on schedule based upon the revised construction schedule approved by the Commission. Ms. Rosen added that the developer was exceeding the construction payroll goals established by the Commission and with the progress made on the construction, one could see the outline of the Museum of the African-American Diaspora.

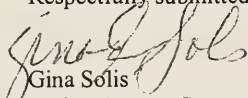
10. CLOSED SESSION

- (a) Pursuant to Government Code §54957.6 to instruct the Agency's designated representatives to negotiate with the San Francisco Redevelopment Employees Association Manager/Supervisor unit. Agency designated representatives: Marcia Rosen, Ayisha Benham, Ora Williams and Chris Iglesias
- (b) Pursuant to Government Code § 54956.8 to instruct the Agency's real property negotiators in furtherance of the conveyance of Hunters Point Shipyard from the U.S. Navy to the Agency. Agency negotiators: Marcia Rosen, Don Capobres, Joanne Sakai. City of San Francisco negotiators: Jesse Blout, MOED and Michael Cohen of the City Attorney's Office.
- (c) Pursuant to Government Code § 54956.8 to instruct the Agency's real property negotiators in furtherance of the Exclusive Negotiations Agreement with Lennar BVHP Partners, LLC for Hunters Point Shipyard. Agency negotiators: Marcia Rosen, Don Capobres, Joanne Sakai, Matt Schwartz, Gaynell Armstrong. City negotiators: Jesse Blout, MOED and Michael Cohen, Office of the City Attorney.

11. ADJOURNMENT

It was moved by Mr. King, seconded by Mr. Singh, and unanimously carried that the meeting be adjourned. The meeting adjourned at 8:05 p.m.

Respectfully submitted,



Gina Solis

Acting Agency Secretary

(Prepared by Erwin R. Tanjuaquio)

APPROVED:

September 10, 2002

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
13TH DAY OF AUGUST 2002

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 4:00p.m. on the 13th day of August 2002, at the place and date duly established for holding of such a meeting.

President Chantel L. Walker called the meeting to order at 4:00 p.m. President Walker welcomed members of the public and asked that cell phones and pagers be turned off during the meeting. President Walker reminded members of the public wishing to address the Commission to fill out speaker cards.

President Walker welcomed back the Agency Commission Secretary, Erwin R. Tanjuaquio from vacation and thanked Ms. Gina Solis for doing an excellent job as Acting Commission Secretary.

1. RECOGNITION OF A QUORUM

The Commission Secretary announced the presence of a quorum with the following Commissioners present.

Chantel L. Walker, President
Kathryn C. Palamountain, Vice President
Leroy King
Mark Dunlop
Ramon E. Romero
Darshan Singh
Benny Y. Yee (arrived at 4:12 p.m.)

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Marcia Rosen, Executive Director and staff members were also present.

2. REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY. None.

3. MATTERS OF UNFINISHED BUSINESS:

CONTINUED FROM THE JULY 23, 2002 COMMISSION MEETING

- 3 (a)** Resolution No. 137-2002, Approving the Schematic Design for the South Beach Park and Harbor Improvement Project; Rincon Point-South Beach Redevelopment Project

Presenters: Amy Neches (Agency staff)

Speakers: Shelly Carroll, Roger Tennyson, Andrew Brooks, Jim Haas

Commissioner Romero put forth a motion to adopt item 3 (a).

Commissioner Singh acknowledged the presence of Mr. Jim Chappell from SPUR and seconded Commissioner Romero's motion.

Commissioner Dunlop noted that there had been 25 community meetings in addition to Commission meetings on the subject and stated that there had been more than adequate public vetting. Mr. Dunlop lent his 100% support for the proposed project.

Commissioner King stated that he would vote for the item, but pointed out that as soon as the Agency had completed the improvement project, the South Beach Park and Harbor should be transferred to the Port of San Francisco.

Commissioner Yee apologized for being late and agreed with Commissioner King's statements that the harbor be transferred to the Port because they have the expertise to manage such facilities. Mr. Yee added that the Agency's expertise could be better used elsewhere in particular, the development of affordable housing.

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MR. SINGH, AND UNANIMOUSLY CARRIED THAT ITEM 3 (a) Resolution No. 137-2002, APPROVING THE SCHEMATIC DESIGN FOR THE SOUTH BEACH PARK AND HARBOR IMPROVEMENT PROJECT; RINCON POINT-SOUTH BEACH REDEVELOPMENT PROJECT, BE ADOPTED.

4. MATTERS OF NEW BUSINESS:

REGULAR AGENDA

Items 4(a), (b) and (c) were presented together and acted upon separately.

- 4 (a)** Resolution No. 140-2002, Amending Salary Resolution No. 186-2001 to Revise the Compensation for certain represented classifications retroactive to January 7, 2002

- 4 (b) Resolution No. 141-2002, Establishing Classifications of Positions and Compensation for the Agency staff for fiscal year 2002-2003 and Establishing the Authority for Appointment to and Vacation from positions under said classifications and other matters
- 4 (c) Resolution No. 142-2002, Authorizing Execution of a Memorandum of Agreement with San Francisco Redevelopment Employee Association for the period of July 1, 2002 through June 30, 2004

Presenters: Ora Meacham (Agency staff)

Speakers: Matthew Schwartz

Commissioner Romero put forth a motion to adopt item 4(a).

Commissioner Dunlop seconded Commissioner Romero's motion. Mr. Dunlop noticed that certain salaried employees also worked for the Public Initiatives Development Corporation (PIDC) and asked if such employees were getting double compensation from the Agency and PIDC and how the compensation for such employees was being monitored.

Executive Director Rosen stated that the Cooperative Agreement with PIDC prohibited employees assigned to PIDC from getting double compensation from the Agency and PIDC. Employees' time was rigorously monitored and accounted for.

Commissioner Palamountain thanked Ms. Ora Meacham for working during her vacation to resolved some of the issues as well as management staff and all of the Agency employees. Ms. Palamountain lent her support for the items.

President Walker verified that agency classifications and salaries were comparable to City positions. Ms. Meacham affirmed.

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MR. DUNLOP, AND UNANIMOUSLY CARRIED THAT ITEM 4 (a) RESOLUTION NO. 140-2002, AMENDING SALARY RESOLUTION NO. 186-2001 TO REVISE THE COMPENSATION FOR CERTAIN REPRESENTED CLASSIFICATIONS RETROACTIVE TO JANUARY 7, 2002, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MR. DUNLOP, SECONDED BY MS. PALAMOUNTAIN, AND UNANIMOUSLY CARRIED THAT ITEM 4 (b) RESOLUTION NO. 141-2002, ESTABLISHING CLASSIFICATIONS OF POSITIONS AND COMPENSATION FOR THE AGENCY STAFF FOR FISCAL YEAR 2002-2003 AND ESTABLISHING THE AUTHORITY FOR APPOINTMENT TO AND VACATION FROM POSITIONS UNDER SAID CLASSIFICATIONS AND OTHER MATTERS, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. DUNLOP, AND UNANIMOUSLY CARRIED THAT ITEM 4 (c) RESOLUTION NO. 142-2002, AUTHORIZING EXECUTION OF A MEMORANDUM OF AGREEMENT WITH SAN FRANCISCO REDEVELOPMENT EMPLOYEE ASSOCIATION FOR THE PERIOD OF JULY 1, 2002 THROUGH JUNE 30, 2004, BE ADOPTED.

- 4 (d) Resolution No. 143-2002, Approving a Revision to the Agency's Purchasing Policy and Procedures to Increase the Executive Director's Expenditure Authority for contracts from \$20,000 to \$50,000 on an interim basis for a period of one year; All Redevelopment Project Areas

Presenters: Chris Iglesias (Agency staff)

Speakers: Al Norman, Mary Helen Rogers, Aileen Hernandez

Commissioner King put forth a motion to adopt item 4 (d). Mr. King shared with the Commission that he was disturbed that there were no minority contractors in attendance at the Working Group meeting, but that he had spoken with a number of minority contractors and was informed that they felt that the increase in the contract amount to \$50,000 would benefit minority contractors. Mr. King suggested a review and report back to the Commission in six months.

Commissioner Dunlop seconded Commissioner King's motion and lent his support for the item.

Commissioner Palamountain supported Commissioner King's suggestion to have a six-month review.

Commissioner Yee clarified that Commissioner King did not cast a vote at the Working Group meeting, but stated his support. Mr. Iglesias affirmed.

Commissioner Romero supported Commissioner King's motion and suggestion for a six-month review.

Commissioner Singh also supported Commissioner King's motion and suggestion.

President Walker agreed with the six-month review and asked that data regarding Minority/Women-Owned Business Enterprises be included in the report.

ADOPTION: IT WAS MOVED BY MR. KING, SECONDED BY MR. DUNLOP, AND UNANIMOUSLY CARRIED THAT ITEM 4 (d) RESOLUTION NO. 143-2002, APPROVING A REVISION TO THE AGENCY'S PURCHASING POLICY AND PROCEDURES TO INCREASE THE EXECUTIVE DIRECTOR'S EXPENDITURE AUTHORITY FOR CONTRACTS FROM \$20,000 TO \$50,000 ON AN INTERIM BASIS FOR A PERIOD OF ONE YEAR; ALL REDEVELOPMENT PROJECT AREAS, BE ADOPTED.

At this time approximately 4:55 p.m., the Commission recessed to Closed Session.

10. CLOSED SESSION

- (a) Pursuant to Government Code Section 54956.9(b): Conference with Legal Counsel regarding anticipated litigation: one potential case

5. MATTERS NOT APPEARING ON AGENDA - None.

6. PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA BUT AGENCY RELATED MATTERS

- Mary Helen Rogers, Al Norman, Derek Smith, Brian Rodrigues

7. REPORT OF THE PRESIDENT

- President Walker confirmed her departure from the Commission and referred to a letter from the Mayor nominating Michelle Sexton who used to work at the City Attorney's Office. Ms. Walker stated that the nomination and appointment process for the new Commissioner would take about a month and that she would be leaving at the end of August.

- President Walker reminded the Commission that the Executive Director had reached her one-year anniversary with the Agency and for the Commission to start thinking about Ms. Rosen's annual performance evaluation.
- President Walker again thanked Ms. Gina Solis for her hard work as Acting Commission Secretary while Mr. Tanjuaquio was on vacation.

8. REPORT OF THE EXECUTIVE DIRECTOR

- Executive Director Rosen advised the Commission that she would keep it informed of Michelle Sexton's confirmation schedule at the Board of Supervisors.
- Ms. Rosen informed the public that the workshop for the development of Parcel 732-A had been scheduled for the Commission meeting of August 20th and would be held in the Board of Supervisors' Chambers in City Hall. Ms. Rosen reminded the Commission of informational memoranda provided the week before regarding economic revitalization efforts for the lower Fillmore and the updated information would be included at the August 20th workshop.
- Next PIDC meeting scheduled for August 26th at 6:00 p.m. in the Agency offices.
- Letter from Commissioner Yee regarding a visit from the Vice-Ministry of the Taiwan Council for Economic Planning and Development with a delegation of twelve officials from Taiwan. Staff had scheduled to meet with the delegation on August 22nd and a tour of Agency projects. Ms. Rosen thanked Commissioner Yee for the contact information.
- Informed the Commission and public about the Agency's responses to the Civil Grand Jury report on the Hunters Point Shipyard and its availability at the Commission's office as well as the Civil Grand Jury's office.

9. COMMISSIONERS QUESTIONS AND MATTERS

- Commissioner Romero asked staff to look into contract payment issues raised by Mission Bay contractors and to provide a report back to the Commission.

Executive Director Rosen informed the Commission that staff received a telephone call from Mr. Derek Smith of Marine Ship and had asked Mr. Chris Iglesias to look into the matter and understood that the payment issue had been resolved in the past two days and that payment was en route. Ms. Rosen assured the Commission that she had pledged staff resources to closely monitor the situation to resolve the immediate non-payment issue and to prevent such matters from happening again.

- Commissioner Romero requested a workshop on the general progress of development in Mission Bay sometime in the future. Mr. Romero stated that the workshop need not occur in the immediate future and that his interest related to how the various developments approved by the Commission were doing given the depressed economy.
- Commissioner Romero thanked President Walker for her leadership and serving as a model chairperson for running Commission meetings. Since Commissioner Walker became President, meetings have been more orderly and efficient. Mr. Romero commended President Walker for always maintaining a neutral position and not use her position to dominate debate and influence any issue before the Commission.
- Commissioner King expressed concern about the Mission Bay minority contractors not being paid and stated that if staff had information, it should be reported to the Commission and not wait a week because the contractors needed to be paid in order to meet their payroll.

Mr. Chris Iglesias informed the Commission that staff had been working with Catellus on the non-payment and change-order issues and was assured that payment would be sent to Marine Ship and other contractors. Catellus was also hiring more staff to help expedite related matters and staff would obtain more details from Catellus and report back to the Commission the following week.

- Commissioner Dunlop shared the same concerns about the Mission Bay contractors and urged staff to do what it could to assist the small and minority contractors. Mr. Dunlop requested a copy of the Civic Grand Jury report on the Hunters Point Shipyard.
- Commissioner Palamountain was glad to hear that staff would prepare a comprehensive response to the Mission Bay contractors' issue, in particular the change-order and non-payment situations. Ms. Palamountain thanked Mr. Smith and Rodrigues for bringing the matter before the Commission and urged Mr. Iglesias to work with

the two contractors and others to get their input before staff prepared its report to the Commission.

- Commissioner Dunlop recalled that an extensive performance review was conducted for the previous Executive Director and that there was a questionnaire that was used and asked the Commission Secretary to see if a copy of the questionnaire could be provided.
- President Walker thought that was a good idea and stated that the Ms. Rosen was already working on the matter.
- Commissioner Yee shared the Commission's concerns about the non-payment of small Mission Bay contractors and was shocked to hear that a big developer such as Catellus was not paying its contractors and urged staff to communicate the Commission's concerns with Catellus.

At this time approximately 5:45 p.m., the Commission recessed until 6:00 p.m. for Items 4 (e) and (f) regarding the 1790 Post Street project

Items 4 (e) and (f) were presented together and acted upon separately.

- 4 (e)** Resolution No. 144-2002, Authorizing an Owner Participation Agreement and Amendment of the Addendum to the Agreement Contemplating a Negotiated Disposition of Land For Private Redevelopment with 1600 Webster Street Associates, LLC, a California limited liability company, for the Development of the property located at 1790 Post Street, located at the northeast corner of Webster and Post Streets (Assessor's Block 685, Lot 51); Western Addition A-2 Redevelopment Project Area
- 4 (f)** Resolution No. 145-2002, Conditionally Approving the Schematic Design submitted by 1600 Webster Street Associates, LLC, a California limited liability company, for the Development of the property located at 1790 Post Street, located at the northeast corner of Webster and Post Streets (Assessor's Block 685, Lot 51); Western Addition A-2 Redevelopment Project Area

Presenters: Denis Blades, Elena Branick (Agency staff), Gary Gee (Architect)

Speakers: John McNerney, Mary Helen Rogers, Eiko Kimoto, Peter Yamamoto, Steve Nakajo, Judy Hamaguchi, Makoto Imaizumi, Akira Minamiura, Chris Durazo, Bruce Avico, Linda Jofuku, Gary Kitahata, Doug Dawkins, Jon Osaki, Ernie Yoshikawa, Colin Gomez, Brian Duskin, Chris Hirano, Gen Fujioka, Michael Johnson, Susan Marshall, George Jones, Cary White, Paul Osaki,

Caryl Ito, Angelene O'Loughlin, Sandy Mori, Joe Cassidy, Joe O'Donoghue, Alice Barkley

Commissioner Palamountain thanked and honored everyone who came and testified at the meeting. Ms. Palamountain agreed with Chris Hirano's comments that it was not the Agency Commission's role to determine the appropriate community benefit for the Japantown or any other community. Ms. Palamountain asked the following questions: (1) what covenants ran with the land under the OPA, (2) how did the proposed development fulfill the stated purpose of the A-2 Redevelopment Plan to promote economic health of the community by private action and what standards were used by staff to ensure the economic health of the community was preserved and enhanced, (3) did the developer have the ability to sell commercial condominium retail space, (4) with regard to parking requirements, was there any assurance from the developer that there would not be a medical or dental office or clinic in the proposed commercial spaces, and (5) what did the redevelopment plan provisions for not exposing utilities or mechanical features on the roof of structures meant.

Ms. Penny Nakatsu Deputy General Counsel responded that the document that contained the land use covenants was an addendum to the Land Disposition Agreement and that it contained generic land use covenants that development must comply with the redevelopment plan, but there were no other restrictions for the site. Ms. Nakatsu informed the Commission that the Agency had owner participation rules that governed procedural requirements for proposed development in addition to the requirements of the redevelopment plan. Mr. McInerney (owner/developer) added that he had built other mixed-use projects before, one on Polk and Clay Streets in which he pre-sold a 1,650-square foot retail space, and another at 500 Masonic Street with 6,000 square feet that was pre-sold to a carpet company. Ms. Elena Branick, Agency Senior Architect, informed the Commission that the ultimate user or owner of the proposed commercial space would have to obtain a building permit for the proposed use and the Agency would determine if the proposed use met the redevelopment plan's parking requirements before it signed-off on the building permit. Ms. Branick explained that the redevelopment plan required that any mechanical features or utilities be screened from public view from the street level.

Commissioner Palamountain expressed concerns with the proposed project satisfying the purposes of the A-2 Redevelopment Plan, in particular the ability to promote the social and cultural aspects of the Japantown community. Ms. Palamountain felt that the proposed building design satisfied some of the aesthetic purposes, but in her opinion, did not satisfy the social and economic health purposes of the plan. Ms. Palamountain stated that she was not prepared to move forward with the proposed project at that time.

Commissioner King stated that he had never heard the A-2 redevelopment plan so misinterpreted and the fact was the A-2 plan had been around for a long time and the Agency had followed the provisions of the plan. Mr. King stated his support for the proposed project and put forth a motion to adopt item 4 (e). Mr. King shared that he met with the developer Mr. McInerney and asked the Commission Secretary to record the meeting. Mr. King stated that the site had been vacant for 18 months and recalled that the Commission fought to keep the bowling alley open, but could not legally keep it open, and the owner sold the building to Mr. McInerney. The developer had met many times with the community and had presented the proposed development, and at issue was the provision of community benefits that would satisfy everyone in the community. Mr. King shared that he had spoken with members of the community, but there was no consensus on the desired community benefits as part of the proposed development. Mr. King reminded the Commission that it had heard from the area businesses like the Radisson Hotel and others that the vacant site was an eyesore and something had to be done to improve the overall area. Mr. King shared that he lived one block away from the vacant site, and homeless people had been hanging out and the vacant site was dirty, and believed that the Agency and the community needed to move forward on the site. Mr. King believed that the Agency was not doing anything against the Japanese community, and to the contrary, the Agency continued to work with the Japanese community on many different aspects to ensure the viability of their community. Mr. King pointed out that with the depressed economy since 9-11, the Agency needed to move forward and help out with the local economy and that could be achieved with 48 new people that would move in to the proposed housing.

Commissioner Dunlop appreciated Commissioner Palamountain's questions about compliance with the redevelopment plan and believed that the proposed project was in conformance. Mr. Dunlop did not think that the proposed building was perfect but opined that there was no such thing. He would have liked to see more affordable housing units, possibly a community room, but believed that the Agency had done everything it could do to extract as much benefit from the developer. The developer had offered 23% of its shares in the Nihonmachi Parking Corporation to Kimochi, and he hoped that the developer's gesture was taken in the honorable spirit it was given. Mr. Dunlop seconded Commissioner King's motion and pointed out that the Agency must move forward to alleviate a blighting condition that existed with the vacant site.

Commissioner Yee thanked members of the public for coming to the meeting and addressing the Commission on a very important project. Mr. Yee asked the Commission Secretary to record a meeting he and Commissioner King attended with the developer, Mr. McInerney. Mr. Yee

stated that based upon the comprehensive information provided by staff on the proposed project, the development complied with all applicable laws and had met the Agency's requirements, including the redevelopment plan. Mr. Yee believed that community benefit was very important, but that the law did not require it. Executive Director Rosen affirmed. Mr. Yee referred to Mr. McInerney's offer to give 23% of its shares of the Nihonmachi Parking Corporation and asked how much was that worth. Mr. McInerney informed the Commission that the value of the shares would be determined by an appraisal but estimated the value to be in the millions of dollars. Mr. Yee stated that he asked the question to demonstrate the gift was a significant amount of money. Mr. Yee recalled Vice-President Palamountain's reading of one of the stated purposes of the redevelopment plan and that she felt that the proposed project did not satisfy the redevelopment plan's purposes. Mr. Yee pointed out that there were four listed purposes in the redevelopment plan, but Commissioner Palamountain only read one of them. Mr. Yee read the other listed purposes of the redevelopment plan and opined that all three purposes that dealt with guiding and stimulating private development with emphasis on the production of moderate-priced housing and stimulating and attracting private investment to improve the City's economic health and expand the tax base were right on point and were met by the proposed development. Mr. Yee clarified that 48 new units of housing would generate at least one hundred people that would move in to the community. Mr. Yee observed that the site had been vacant for two years and the developer had gone through a very long process of meeting with the community and the Agency, and the project should not be delayed any further because it would help the City during an economically-distressed time. Mr. Yee lent his support for the project.

Commissioner Singh apologized to Mr. McInerney because his busy schedule kept him from meeting with him (Mr. McInerney). Mr. Singh asked Mr. McInerney to meet with the community again as the project progressed. Mr. McInerney assured Commissioner Singh that he would have an on-going dialogue with members of the community. Mr. Singh lent his support for the project and recalled Mr. Joe O'Donoghue's statement that the project would bring \$300,000 of tax revenues to the City.

Commissioner Romero stated that he would vote for the project and that when he was contacted by the developer's representative, he told them that there was no need to meet because based upon his own analysis of the project, he determined that the Agency did not have the authority to determine the land use for the site except for what the redevelopment plan permitted, following closure and sale of the bowling alley. Mr. Romero shared that he wished that the bowling were still there because he had visited it a few times and understood the contribution of the bowling alley to the community. Mr. Romero stated that the proposed project would not have the same environment and energy as the bowling alley, but it would

unquestionably fit under the general guidelines of the redevelopment plan and would provide a community benefit to the area. Mr. Romero pointed out that the community benefit that the project would bring may not be the desired community benefit, but nevertheless the project would bring new and different energy to the community. Mr. Romero was saddened to see how divided people were on the issue, not only the Japanese community, but also the larger community, the larger community that Mr. O'Donoghue described. Mr. Romero shared that in the part of town he lived, Mr. Romero and his neighbors had similar confrontations with developers of proposed housing like live-work units in the Mission district. Mr. Romero reiterated that the Agency Commission had limited authority on the land use for the site and hoped that there was an acceptance from both sides of the issue to heal the deep wounds that have resulted from this project. Mr. Romero stated that he would vote for the project.

Commissioner Yee recognized the presence of Gary Gee, a well-known architect in the Chinese-American community and the City as well.

President Walker acknowledged that there had been many divergent issues on the proposed project including the demolition issue and the community benefit issue. Ms. Walker asked Mr. McInerney if he was willing to make a commitment to meet with the community such as the Japantown Task Force and others to discuss community benefit.

Mr. McInerney responded that he would continue to meet with the community and specifically the Japantown Task Force to discuss community benefit. Mr. McInerney added that he had exhausted all the offers he could make including one he made at the meeting of giving 23% of its shares of the Nihonmachi Parking Corporation and the community was not willing to give anything back. Mr. McInerney stated that he would like to employ some of the Japantown Youth Council (Jon Osaki) youth to work on the project.

President Walker expressed concerns with moving forward with the project at that time given the outstanding issue on community benefit.

ADOPTION: IT WAS MOVED BY MR. KING, SECONDED BY MR. DUNLOP, THAT ITEM 4 (e) RESOLUTION NO. 144-2002, AUTHORIZING AN OWNER PARTICIPATION AGREEMENT AND AMENDMENT OF THE ADDENDUM TO THE AGREEMENT CONTEMPLATING A NEGOTIATED DISPOSITION OF LAND FOR PRIVATE REDEVELOPMENT WITH 1600 WEBSTER STREET ASSOCIATES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, FOR THE DEVELOPMENT OF THE PROPERTY LOCATED AT 1790 POST STREET, LOCATED AT THE NORTHEAST CORNER OF WEBSTER AND POST STREETS (ASSESSOR'S BLOCK

685, LOT 51); WESTERN ADDITION A-2 REDEVELOPMENT PROJECT AREA, BE ADOPTED AND ON ROLL CALL, THE FOLLOWING VOTED “AYE”:

Mr. Dunlop
Mr. King
Mr. Romero
Mr. Singh
Mr. Yee

AND THE FOLLOWING VOTED “NAY”:

Ms. Palamountain
Ms. Walker

THE SECRETARY DECLARED THE RESULTS OF THE ROLL CALL VOTE, FIVE (5) AYES, AND TWO (2) NAYS.

THE PRESIDENT THEREUPON DECLARED THAT ITEM 4 (e), RESOLUTION NO. 144-2002, WAS ADOPTED.

ADOPTION: IT WAS MOVED BY MR. KING, SECONDED BY MR. YEE, THAT ITEM 4 (f) RESOLUTION NO. 145-2002, CONDITIONALLY APPROVING THE SCHEMATIC DESIGN SUBMITTED BY 1600 WEBSTER STREET ASSOCIATES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, FOR THE DEVELOPMENT OF THE PROPERTY LOCATED AT 1790 POST STREET, LOCATED AT THE NORTHEAST CORNER OF WEBSTER AND POST STREETS (ASSESSOR’S BLOCK 685, LOT 51); WESTERN ADDITION A-2 REDEVELOPMENT PROJECT AREA, BE ADOPTED AND ON ROLL CALL, THE FOLLOWING VOTED “AYE”:

Mr. Dunlop
Mr. King
Mr. Romero
Mr. Singh
Mr. Yee

AND THE FOLLOWING VOTED “NAY”:

Ms. Palamountain
Ms. Walker

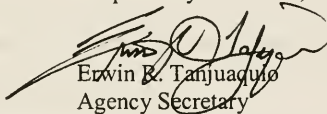
THE SECRETARY DECLARED THE RESULTS OF THE ROLL CALL VOTE, FIVE (5) AYES, AND TWO (2) NAYS.

**THE PRESIDENT THEREPUPON DECLARED THAT ITEM 4 (f),
RESOLUTION NO. 145-2002, WAS ADOPTED.**

11. ADJOURNMENT

It was moved by Ms. Palamountain, seconded by Mr. Dunlop, and unanimously carried that the meeting be adjourned. The meeting adjourned at 8:31 p.m.

Respectfully submitted,


Erwin B. Tanjuaque
Agency Secretary

APPROVED:

October 8, 2002

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
20TH DAY OF AUGUST 2002

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at the Board of Supervisors' Chambers, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 250, in the City of San Francisco, California, at 4:00 p.m. on the 20th day of August 2002, at the place and date duly established for holding of such a meeting.

President Chantel L. Walker called the meeting to order at 4:00 p.m. President Walker welcomed members of the public and asked that cell phones and pagers be turned off during the meeting. President Walker reminded members of the public wishing to address the Commission to fill out speaker cards.

Commission Secretary Erwin R. Tanjuaquio announced that the regularly scheduled meeting of the Housing Committee for August 20, 2002 had been cancelled.

1. **RECOGNITION OF A QUORUM**

The Commission Secretary announced the presence of a quorum with the following Commissioners present.

Chantel L. Walker, President (departed @ 6:25 p.m.)
Kathryn C. Palamountain, Vice President
Leroy King
Mark Dunlop
Ramon E. Romero
Darshan Singh
Benny Y. Yee

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Marcia Rosen, Executive Director and staff members were also present.

2. **REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY.**

- (a) Pursuant to Government Code Section 54956.9(b): Conference with Legal Counsel regarding anticipated litigation: one potential case – Approval of settlement of construction contract claims: Dennis J. Amoroso Construction Co., Inc. v. San Francisco Redevelopment Agency

Executive Director Marcia Rosen reported that at a Closed Session meeting held on August 13, 2002, the Commission unanimously approved the settlement of a construction contract claim from D. J. Amoroso Construction Co., Inc. filed on July 21, 2001. The Commission authorized the Executive Director to execute the settlement and release agreement on the following terms: (1) the Agency to pay D. J. Amoroso the total sum of \$850,000 of unpaid change orders and all outstanding claims, (2) Agency to release retention of \$407,255, and (3) each side to waive all claims against the other and each side to bear their own attorneys' fees.

3. **MATTERS OF UNFINISHED BUSINESS:**

4. **MATTERS OF NEW BUSINESS:**

CONSENT AGENDA

4 (a) Approval of Minutes: Meetings of July 9 and 23, 2002

4 (b) Resolution No. 146-2002, Authorizing Travel for Sylvester McGuire, Senior Contract Compliance Specialist, George Bridges, and Josephine Lee, Contract Compliance Specialist II's, to Attend the American Contract Compliance Association's (ACCA) 16th National Training Institute in Baltimore, Maryland, from August 27- September 1, 2002 at a cost not to exceed \$4,040

ADOPTION: IT WAS MOVED BY MR. DUNLOP, SECONDED BY MR. ROMERO, AND UNANIMOUSLY CARRIED THAT CONSENT AGENDA ITEMS 4 (a) APPROVAL OF MINUTES: MEETINGS OF JULY 9 AND 23, 2002 AND (b) RESOLUTION NO. 146-2002, AUTHORIZING TRAVEL FOR SYLVESTER MCGUIRE, SENIOR CONTRACT COMPLIANCE SPECIALIST, GEORGE BRIDGES, AND JOSEPHINE LEE, CONTRACT COMPLIANCE SPECIALIST II'S, TO ATTEND THE AMERICAN CONTRACT COMPLIANCE ASSOCIATION'S (ACCA) 16TH NATIONAL TRAINING INSTITUTE IN BALTIMORE, MARYLAND, FROM AUGUST 27- SEPTEMBER 1, 2002 AT A COST NOT TO EXCEED \$4,040, BE ADOPTED.

REGULAR AGENDA

- 4 (c) Resolution No. 147-2002, Authorizing a Personal Services Contract with Kennedy-Tompkins Consultants, Inc., a California corporation, in an amount not to exceed \$174,964 per year for a three year period, subject to the availability of funds, to provide administrative services to the Hunters Point Shipyard Citizen's Advisory Committee and outreach and information services, site office management and property management assistance; Hunters Point Shipyard Redevelopment Project Area

Presenters: Gaynell Armstrong (Agency staff)

Speakers: Mary Helen Rogers

Commissioner Dunlop acknowledged the presence of Ms. Willie Kennedy.

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MR. DUNLOP, AND UNANIMOUSLY CARRIED THAT ITEM 4 (c) RESOLUTION NO. 147-2002, AUTHORIZING A PERSONAL SERVICES CONTRACT WITH KENNEDY-TOMPKINS CONSULTANTS, INC., A CALIFORNIA CORPORATION, IN AN AMOUNT NOT TO EXCEED \$174,964 PER YEAR FOR A THREE YEAR PERIOD, SUBJECT TO THE AVAILABILITY OF FUNDS, TO PROVIDE ADMINISTRATIVE SERVICES TO THE HUNTERS POINT SHIPYARD CITIZEN'S ADVISORY COMMITTEE AND OUTREACH AND INFORMATION SERVICES, SITE OFFICE MANAGEMENT AND PROPERTY MANAGEMENT ASSISTANCE; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- 4 (d) Workshop presentation of proposals for the development of Parcel 732-A; Western Addition Redevelopment Project Area A-2

Presenters: Joanne Sakai, Ricky Tijani (Agency staff), Ron Golem (BAE), Frederick Hayes, Richard Kaufman, Mark Henshaw (City-Core), Michael Johnson, Derf Butler (Fillmore Renaissance Housing Associates)

Speakers: Teall Henderson, Stan Smith, Kevin Jefferson, Dr. Amos Brown, Garrett Jenkins, Charlie Walker, Mary Helen Rogers, Redmond Kernan, Jasmine Willois, Larry Martin, Ray Antonio, Janice Lythcott, Kenji Tamaoki, David Wick, Al Norman, Beth Aaron, Ace Washington, Robert Zurcher, Steve Benoit, Monetta Lawrence, David Lawrence, Michael Eaton, Milton Weaver, Larry Bushy, Jerry Edwards, Thomas A. Campbell, Jr. Michael Bains, Randall Martinez, Sidney Martin, Dorris Vincent, Oscar

James, George Jones, Jesse Mason, Michael Vanderhorst, Nontsizi Cayou, Randall Evans, Rev. Arnold Townsend, Walter Johnson, Pamela Colbert, McKinley Ross, Carmen Johnson, Stanley Stevens, Cherene Sandidge, Essie Collins, Dennis Lumsey, Virgil Herndon, Peter Fitzsimmons, Keith Carlisle, Andre Spearman, James Bryant, Minerva Dunn

At this time approximately 6:25 p.m., President Walker departed the Commission Meeting and relinquished the chair to Vice-President Palamountain who was Acting President for the remainder of the meeting.

Commissioner King stated that when the Agency undertook a big project such as 732-A, staff should have conducted a thorough research of the project's and the community's history. Mr. King observed that newly hired staff that did not have the benefit of the project's long history presented the workshop. Mr. King recalled that Parcel 732-A was split in half many years ago at the suggestion of then Mayor Art Agnos to provide an opportunity for African-American developers. Bob Davis, Morris Phillips and Joe Skiffer all of whom are African-Americans developed one-half of the parcel for affordable housing, and the other half was to be developed by Chuck Collins. Mr. King stated that staff should have researched the Agency's archives before going out to the community in order to understand the parcel's long history.

Commissioner Dunlop thanked members of the public who came and testified at the meeting and acknowledged the importance of community participation and input into the process. Mr. Dunlop stated that the community and indeed the Agency, have had a long wait on the development of Parcel 732-A and yet, staff was recommending a further delay by re-issuing the RFQ and rejecting the two respondents and to start the whole process all over again. Mr. Dunlop questioned the value of further delaying the developer selection process and noted that the Commission had the authority to waive any defects as to form or content of the RFP or any other step in the selection process. Mr. Dunlop stated that even if the development proposal did not exactly fit the requirements of the RFP, the Commission had the authority to request and make adjustments, but that the most important thing to do was to listen to the community. Mr. Dunlop put forth a motion to schedule at the September 10, 2002 Commission meeting the consideration of entering into an exclusive negotiations agreement with either of the two respondents to the RFP.

Commissioner Yee recalled reading in the Commission memorandum that City-Core had reservations about complying with the land use requirements of the Western Addition A-2 Redevelopment Plan and asked the Executive Director to explain the importance of the redevelopment plan requirements.

Executive Director Rosen explained that the Commission was bound by the land use restrictions contained in the redevelopment plan until such time as the redevelopment plan was amended to accommodate a development proposal that was not in compliance with the redevelopment plan.

Commissioner Yee affirmed that was his understanding and wanted to verify the restrictions in the redevelopment plan. Mr. Yee seconded Commissioner Dunlop's motion.

Commissioner King supported the motion and thanked Commissioner Dunlop for making the motion. Mr. King stated that the Commission had the prerogative to take such action and follow the community's sentiment.

Commissioner Singh lent his support for the motion and asked if staff had additional information on the two development proposals.

Executive Director Rosen responded that staff had provided its analysis as well as the analysis by Bay Area Economics to the Commission. Ms. Rosen referred to a letter to the Commission from Mayor Brown suggesting that the Commission ask for an additional independent evaluation of the proposals by Jim Jefferson and Company. If the Commission desired the additional evaluation, Mr. Jefferson could provide it and would be an additional source of information for the Commission to consider.

Commissioner Romero heard the overwhelming support from the community and the Commission debate and felt that it was important to make a decision to move the process forward. Mr. Romero was aware of the Mayor's letter but pointed out that the Agency had already done a very thorough analysis of the two proposals indicating that neither of the two proposals met the requirements of the RFP and a third analysis was not necessary. Mr. Romero acknowledged the public's testimony and felt that the public was owed a decision from the Commission and stated that he would be prepared move forward and take action on September 10th.

Commissioner Yee overlooked the letter from the Mayor suggesting an independent analysis from Jim Jefferson and asked if there was adequate time for Mr. Jefferson to prepare his analysis before September 10th.

Executive Director Rosen was not certain if there would be enough time to prepare the analysis.

Commissioner Yee stated that the Commission should respect the Mayor's suggestion and that Jim Jefferson was a reputable company that had done business in San Francisco for decades. Mr. Yee stated that if Commissioner Dunlop was willing to modify his motion from September 10th for an

additional two weeks, he would support the motion and if not, Mr. Yee would withdraw his second.

Commissioner King did not have any objection to Jim Jefferson conducting the additional analysis and noted that Mr. Jefferson had long been involved with Parcel 732-A, but if the analysis could not be done by September 10th, Mr. King stated that he did not want any more delays and the process had to move forward. Mr. King stated that the Commission should stick to September 10th and welcomed Mr. Jefferson's analysis and advice if they could be provided before September 10th. Mr. King seconded Commissioner Dunlop's motion.

Commissioner Romero reiterated his support for considering the matter on September 10th and added that he would be on vacation after that and he definitely wanted to vote on the item.

Commissioner Yee stated that he did not hear a rejection from Commissioner Dunlop on his friendly amendment.

Commissioner Dunlop stated that he could not accept Commissioner Yee's friendly amendment particularly if Commissioner Romero was going to be on vacation after September 10th.

Commissioner Singh asked if Mr. Jefferson would be ready with his analysis by September 10th.

Acting President Palamountain recalled that the Executive Director had explained that the Agency could not expect a commitment from Mr. Jefferson, but that if an evaluation was prepared before September 10th, the Commission did not have any objection to receiving the analysis for its consideration.

Acting President Palamountain expressed the importance of the economic development component of the project and thanked both developers for responding to the RFP. Ms. Palamountain asked if there was any certainty that if the RFP was re-issued, that there would be other responses that would utilize the two development prototypes provided by Bay Area Economics since the two respondents did not use either of the prototypes specified in the RFP.

Mr. Ron Golem of Bay Area Economics responded that the prototypes provided were for an unproven market and the RFP process generated responses that took into account the developer's risk as oppose to a RFQ process where developers would provide their qualifications to develop the project followed by negotiations between the Agency and the selected developer for a desired development project.

Acting President Palamountain asked if there was an advantage to an exclusive negotiations setting that would accomplish the desired objectives versus what could be accomplished in a RFP setting.

Executive Director Rosen stated that staff's analysis concluded that neither proposals were deemed responsive to the RFP and by the terms of the RFP, the Commission would be entering into exclusive negotiations for a development proposal that was non-responsive. The Commission could accomplish modifications of a proposal through the exclusive negotiations process, but the Commission would first have to authorize an exclusive negotiations agreement for a development proposal that was deemed responsive with suggested modifications.

Acting President Palamountain expressed concerns about the Fillmore Renaissance's proposed Jazz Museum component and requested more information about its operation costs and required subsidy. Ms. Palamountain was concerned with the bulk of City-Core's proposal and the necessity for a lengthy redevelopment plan amendment. Also of concern was the housing element without the 20% inclusionary affordable housing requirement as well as the necessity for housing subsidies from both proposals. Ms. Palamountain requested detailed numbers from Bay Area Economics and staff regarding job generation, foot traffic during the day and at nighttime as well as the prototypes with particular attention to the economic development component of the project.

MOTION: IT WAS MOVED BY MR. DUNLOP, SECONDED BY MR. KING, TO SCHEDULE AT THE SEPTEMBER 10, 2002 COMMISSION MEETING, THE CONSIDERATION OF ENTERING INTO AN EXCLUSIVE NEGOTIATIONS AGREEMENT WITH EITHER OF THE TWO RESPONDENTS TO THE RFP FOR PARCEL 732-A, AND ON ROLL CALL THE FOLLOWING VOTED "AYE":

Mr. Dunlop
Mr. King
Mr. Romero
Mr. Singh
Ms. Palamountain

AND THE FOLLOWING VOTED "NAY":

Mr. Yee

AND THE FOLLOWING WERE ABSENT:

Ms. Walker

THE SECRETARY DECLARED THE RESULTS OF THE ROLL CALL VOTE, FIVE (5) AYES, ONE (1) NAY, AND ONE (1) ABSENT.

THE ACTING PRESIDENT THEREUPON DECLARED THAT THE MOTION CARRIED.

5. MATTERS NOT APPEARING ON AGENDA - None.

6. PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA BUT AGENCY RELATED MATTERS

- Derek Smith, Derf Butler, Andre Spearman

7. REPORT OF THE PRESIDENT

- Acting President Palamountain announced that there would not be a Commission meeting on September 3rd and the meeting for September 10th would be held in the Agency offices due to audio/visual repairs being done at the Commission's regular meeting room in City Hall.

8. REPORT OF THE EXECUTIVE DIRECTOR

- Board of Supervisors Rules Committee hearing on August 23rd at 10:00 a.m. regarding the appointment of Michelle Sexton to the Agency Commission.

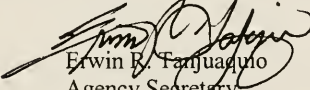
9. COMMISSIONERS QUESTIONS AND MATTERS

- Commissioner King suggested that staff look at other available meeting spaces for the meeting of September 10th other than the Agency offices.

11. **ADJOURNMENT**

It was moved by Mr. King, seconded by Mr. Yee, and unanimously carried that the meeting be adjourned. The meeting adjourned at 8:42 p.m.

Respectfully submitted,



Erwin B. Tanguiano
Agency Secretary

APPROVED:

October 15, 2002

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
27TH DAY OF AUGUST 2002

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 4:00p.m. on the 27th day of August 2002, at the place and date duly established for holding of such a meeting.

President Chantel L. Walker called the meeting to order at 4:25 p.m. President Walker welcomed members of the public and asked that cell phones and pagers be turned off during the meeting.

The Commission meeting of August 27, 2002 was Commission President Chantel L. Walker's last meeting.

1. **RECOGNITION OF A QUORUM**

The Commission Secretary announced the presence of a quorum with the following Commissioners present.

Chantel L. Walker, President
Kathryn C. Palamountain, Vice President
Leroy King
Mark Dunlop
Ramon E. Romero
Darshan Singh
Benny Y. Yee

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Marcia Rosen, Executive Director and staff members were also present.

The Commission met in a Special Meeting as the Housing Committee of the Affordable Housing and Home Ownership Bond Program before commencing the Regular Agency Meeting Agenda. The Housing Committee meeting was called to order at 4:00 p.m. and adjourned at 4:20 p.m.

2. **REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY.** None.

3. **MATTERS OF UNFINISHED BUSINESS:** None.

4. **MATTERS OF NEW BUSINESS:**

CONSENT AGENDA

- 4 (a) Resolution No. 148-2002, Authorizing a First Amendment to the Letter of Agreement with the San Francisco Arts Commission to Extend the time of performance for providing administrative services for the Fillmore Bridge Artwork Project; Western Addition Redevelopment Project Area-A-2

ADOPTION: IT WAS MOVED BY MR. DUNLOP, SECONDED BY MR. KING, AND UNANIMOUSLY CARRIED THAT CONSENT AGENDA ITEM 4 (a) RESOLUTION NO. 148-2002, AUTHORIZING A FIRST AMENDMENT TO THE LETTER OF AGREEMENT WITH THE SAN FRANCISCO ARTS COMMISSION TO EXTEND THE TIME OF PERFORMANCE FOR PROVIDING ADMINISTRATIVE SERVICES FOR THE FILLMORE BRIDGE ARTWORK PROJECT; WESTERN ADDITION REDEVELOPMENT PROJECT AREA-A-2, BE ADOPTED.

REGULAR AGENDA

- 4 (b) Resolution No. 149-2002, Commending and Expressing Appreciation to Matthew Schwartz for years of dedicated service upon his departure from the Redevelopment Agency of the City and County of San Francisco

Executive Director Rosen lauded Mr. Schwartz's good work and recalled her collegial introduction to Mr. Schwartz when she first came to the Agency and expressed her appreciation for Mr. Schwartz's expertise and wise counsel on affordable housing matters particularly in the Mission Bay project.

Presenters: Olson Lee (Agency staff)

Speakers: Mary Helen Rogers

Commissioner King thanked Mr. Schwartz for all his good work and wished him good luck.

Commissioner Singh commended Mr. Schwartz for his excellent work and put forth a motion to adopt item 4 (b).

Commissioner Romero commended Mr. Schwartz for his very calm demeanor and professionalism, particularly when representing the SFREA. Mr. Romero expressed appreciation for Mr. Schwartz sense of responsibility and high character. Mr. Romero wished Mr. Schwartz success in his new position.

Commissioner Dunlop seconded Commissioner Singh's motion. Mr. Dunlop shared that he was very fond of Mr. Schwartz because he was a wonderful person and a great employee and recalled Mr. Schwartz's hard work on the One Church Street project, a project that had its share of issues and because of Mr. Schwartz's calm disposition, the project was ultimately completed and was a success. Mr. Dunlop congratulated Mr. Schwartz and wished him good luck.

Commissioner Palamountain expressed her tremendous respect for Mr. Schwartz's good work by sharing a quote from Dr. Martin Luther King, Jr. that she felt best-described Mr. Schwartz's contributions, "an individual has not started living until he can rise above the narrow confines of his individualistic concerns to the broader concerns of all of humanity." Ms. Palamountain commended Mr. Schwartz for being an ardent advocate of affordable housing, both in quantity and quality, as well as being a tough negotiator on behalf of the Agency and low-income people. Ms. Palamountain honored the great work of Mr. Schwartz and wished him the best.

Commissioner Yee asked in jest if Mr. Schwartz was making the right move by leaving the Agency and extended him well wishes in his new endeavor. Mr. Yee commended Mr. Schwartz for his intelligence and experience and for his outstanding temperament when he was representing the SFREA in its labor negotiations. Mr. Yee wished Mr. Schwartz great success and stated that Mr. Schwartz meant a great loss to the Agency.

President Walker praised Mr. Schwartz for his efficient and straightforward manner in explaining some of the most complex housing deals before the Commission and wished him good luck.

ADOPTION: IT WAS MOVED BY MR. SINGH, SECONDED BY MR. DUNLOP, AND UNANIMOUSLY CARRIED THAT ITEM 4 (b) RESOLUTION NO. 149-2002, COMMENDING AND EXPRESSING APPRECIATION TO MATTHEW SCHWARTZ FOR YEARS OF DEDICATED SERVICE UPON HIS DEPARTURE FROM THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, BE ADOPTED.

- 4 (c) Resolution No. 150-2002, Authorizing a Second Amendment to the Yerba Buena Gardens Management Contract with KTB Realty Partners, Inc., a California corporation, to Extend the term to August 31, 2003, for gardens management services, Yerba Buena Center Redevelopment Project Area

Presenters: Cathy Pickering (Agency staff)

Speakers: Millard Larking III

Commissioner Romero put forth a motion to adopt the item. Commissioner King seconded the motion.

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MR. KING, AND UNANIMOUSLY CARRIED THAT ITEM 4 (c) RESOLUTION NO. 150-2002, AUTHORIZING A SECOND AMENDMENT TO THE YERBA BUENA GARDENS MANAGEMENT CONTRACT WITH KTB REALTY PARTNERS, INC., A CALIFORNIA CORPORATION, TO EXTEND THE TERM TO AUGUST 31, 2003, FOR GARDENS MANAGEMENT SERVICES, YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- 4 (d) Resolution No. 151-2002, Authorizing the Second Amendment to the Legal Services Contract with Kutak Rock LLP, a Nebraska limited liability partnership, increasing the contract by \$225,000 for a total aggregate amount not to exceed \$445,000 for legal services related to the transfer of the Shipyard from the Navy; Hunters Point Shipyard Redevelopment Project Area

Presenters: Bertha A. Ontiveros (Agency staff)

Commissioner Dunlop put forth a motion to adopt the item.

Commissioner Singh verified that Kutak Rock was a Washington D.C.-based company and asked why staff could not find a local firm.

General Counsel Ontiveros responded that the U.S. Navy was located in Washington D.C. and the actual negotiations took place in Washington D.C. and work was very specialized work relating to base closures and Kutak Rock had worked previously with other California agencies on projects that included Treasure Island, the Alameda Naval Air Base and some Southern California base closures and it provided the needed expertise for the Hunters Point Shipyard project.

Commissioner Singh seconded Commissioner Dunlop's motion.

Commissioner Yee felt that as a local agency, the Redevelopment Agency should hire locally for its projects and asked how difficult it was to hire a local law firm with the equivalent expertise as Kutak Rock's.

Executive Director Rosen responded that Kutak Rock was considered to be the preeminent law firm on the highly specialized conveyance work for the Shipyard and it would be difficult to find a local firm with Kutak Rock's extensive knowledge and expertise on Navy conveyance.

Commissioner Singh asked if there was anyone from Kutak Rock in attendance at the meeting and General Counsel Ontiveros responded that the firm was in negotiations out of town and was not in attendance. Mr. Singh expressed that he would like to see firms seeking Commission approval to be present at Commission meetings.

Commissioner Yee agreed with Commissioner Singh and remarked that when firms did not attend Commission meetings, it seemed like they took for granted the Commission's approval.

General Counsel Ontiveros explained that Kutak Rock did not maintain a local office and was not able to attend the Commission meeting.

ADOPTION: IT WAS MOVED BY MR. DUNLOP, SECONDED BY MR. SINGH, THAT ITEM NO. 4 (d) RESOLUTION NO. 151-2002, AUTHORIZING THE SECOND AMENDMENT TO THE LEGAL SERVICES CONTRACT WITH KUTAK ROCK LLP, A NEBRASKA LIMITED LIABILITY PARTNERSHIP, INCREASING THE CONTRACT BY \$225,000 FOR A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$445,000 FOR LEGAL SERVICES RELATED TO THE TRANSFER OF THE SHIPYARD FROM THE NAVY; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA, BE ADOPTED AND ON ROLL CALL, THE FOLLOWING VOTED "AYE":

Mr. Dunlop
Mr. King
Ms. Palamountain
Mr. Romero
Mr. Singh
Ms. Walker

AND THE FOLLOWING ABSTAINED:

Mr. Yee

THE SECRETARY DECLARED THE RESULTS OF THE ROLL CALL VOTE, SIX (6) AYES, AND ONE (1) ABSTENTION.

THE PRESIDENT THEREUPON DECLARED THAT THE MOTION CARRIED.

5. MATTERS NOT APPEARING ON AGENDA - None.

6. **PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA BUT AGENCY RELATED MATTERS**

- Randall Evans, Joe O'Donoghue, Mary Helen Rogers

7. **REPORT OF THE PRESIDENT**

- President Walker thanked everyone for her time on the Redevelopment Agency Commission and that because of medical issues related to her pregnancy, she had to curtail her civic duties. Ms. Walker shared that she had learned a lot during her time on the Commission and had made wonderful friendships and thanked in particular Vice-President Palamountain for her collegiality and her support. Ms. Walker also thanked the Mayor's office for its support and encouragement and looked forward to continued good times at the Commission. Ms. Walker stated that she would continue to watch the Agency and listen in on the radio.

8. **REPORT OF THE EXECUTIVE DIRECTOR**

- Executive Director Rosen commended President Walker for her dedicated service to the Agency and exemplary leadership as the Commission President.
- Board of Supervisors unanimous confirmation of Mayor Brown's nomination of Michelle Sexton as Agency Commissioner (August 26th)
- No Commission meeting on September 3rd and the next regularly scheduled meeting on September 10th to be held at the Agency offices due to audio-visual repairs in City Hall.
- September 12th ribbon-cutting ceremony for the first Mission Bay affordable housing project, the Rich Sorro Commons with 100 units of family housing with childcare and after school learning center from 4:00 to 6:00 p.m. at 150 Berry Street.
- Third Street Fair from August 31st to September 1st, 11:00 a.m. to 7:00 p.m., from Evans Street to Cargo Way.

9. COMMISSIONERS QUESTIONS AND MATTERS

- Commissioner Dunlop expressed his pleasure of working with President Walker and commended her handling of sometimes-difficult situations with grace and leadership. Mr. Dunlop wished President Walker all the best. Mr. Dunlop had heard that not only did the Mayor appoint a new Commissioner, but also that he had appointed a new Commission President and asked if that was true.

Executive Director Rosen responded that as called for in the Agency's bylaws, an election of a new President shall take place following a vacancy of the post, and such election would be calendared for the next regular meeting.

- Commissioner Singh was very sad to see President Walker go and it had been a wonderful experience working with her. Mr. Singh offered his hearty congratulations for the coming baby.
- Commissioner Romero thanked President Walker for her service and for bringing peace and order to the Commission meetings. Mr. Romero inquired about the City Hall repairs.

Commission Secretary Erwin R. Tanjuaquio informed the Commission that the specific repairs for meeting rooms in City Hall were to upgrade the audio-visual equipment and the City's media services department took the opportunity to complete the upgrade during the Board of Supervisors Labor Day recess.

- Commissioner Palamountain thanked Mr. Randall Evans' comments regarding Parcel 732-A and thanked Executive Director Rosen for her expedient response to community concerns about the conduct of Commission meetings and felt that it was good for the Commission to hear of such issues. Ms. Palamountain expressed her sincerest gratitude for President Walker's great service to the Agency and for bringing a sense of dignity and decorum to the meetings and that Ms. Palamountain had learned much from Ms. Walker's leadership, strategy and priority-setting. Ms. Palamountain thanked and honored President Walker for her work at the Commission.
- Commissioner Yee stated that President Walker had done a great job as Chair, but recalled that she had not responded to a request that Mr. Yee made six or seven weeks ago regarding further consideration of revising the RFP provisions for the South of Market Project Area and the Executive Director had not provided a report to the Commission.

- President Walker responded that the Executive Director did provide her the requested background information on the RFP matter.
- Commissioner King commended President Walker for a great job as Commission President and that she put up a good fight during spirited debates and congratulated her on the coming baby. Mr. King urged President Walker to keep in touch.
- Commissioner Yee asked the Executive Director to respond to his inquiry about the RFP matter.

Executive Director Rosen responded that background information including agendas, minutes and staff reports were provided to the Commission and the minutes recorded that the Commission had considered a motion to revise the RFP provisions recommended by staff and the motion failed, and that was the last time the Commission had discussed the matter.

- Commissioner Yee felt that he had made a serious request to put the RFP matter for discussion purposes and it had not been calendared. Mr. Yee specifically referred to language contained in the South of Market Redevelopment Plan that gave first consideration to local non-profit developers and opined that was absurd because it favored a specific group and was unfair to other housing developers and such language should be deleted from the redevelopment plan.
- Commissioner Singh suggested that Commissioner Yee's request be honored and place the RFP matter on the Agenda for the Commission's discussion and let the matter live or die on its own merit.

Commission Secretary Tanjuaquio publicly thanked President Walker for her rapport and positive relationship on her very short tenure as Commission President and would always treasure their friendship.

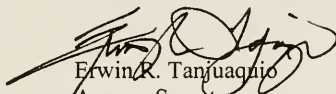
10. CLOSED SESSION:

- (a) Pursuant to Government Code Section 54956.9(a): Conference with Legal Counsel regarding existing litigation: Armax Yerba Buena, LLC, a California Limited Liability Company v. San Francisco Redevelopment Agency, San Francisco County Superior, Case No. CGC-01-402761

11. **ADJOURNMENT**

It was moved by Mr. Singh, seconded by Mr. Dunlop, and unanimously carried that the meeting be adjourned. The meeting adjourned at 6:26 p.m.

Respectfully submitted,



Erwin R. Tanjuaguis
Agency Secretary

APPROVED:

October 22, 2002

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
10TH DAY OF SEPTEMBER 2002

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at the San Francisco Redevelopment Agency Commission Board Room, 770 Golden Gate Avenue, in the City of San Francisco, California, at 4:00p.m. on the 10th day of September 2002, at the place and date duly established for holding of such a meeting.

Acting President Kathryn C. Palamountain called the meeting to order at 4:00 p.m. Ms. Palamountain welcomed members of the public and asked that cell phones and pagers be turned off during the meeting.

The Commission meeting of September 10, 2002 was Commissioner Michelle W. Sexton's first meeting.

1. RECOGNITION OF A QUORUM

The Commission Secretary announced the presence of a quorum with the following Commissioners present.

Kathryn C. Palamountain, Vice President
Leroy King
Mark Dunlop
Ramon E. Romero
Michelle W. Sexton
Darshan Singh
Benny Y. Yee (arrived @ 4:05 p.m.)

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Marcia Rosen, Executive Director and staff members were also present.

2. REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY. None.

3. MATTERS OF UNFINISHED BUSINESS: None.

4. MATTERS OF NEW BUSINESS:

CONSENT AGENDA

4 (a) Approval of Minutes: Meeting of July 30, 2002

ADOPTION: IT WAS MOVED BY MR. DUNLOP, SECONDED BY MR. KING, AND UNANIMOUSLY CARRIED (MR. YEE ABSENT AND MS. SEXTON ABSTAINED) THAT CONSENT AGENDA ITEM 4 (a), APPROVAL OF MINUTES: MEETING OF JULY 30, 2002, BE ADOPTED.

REGULAR AGENDA

4 (b) Election of President

Commissioner Dunlop welcomed Commissioner Michelle Sexton to the Commission and shared that he had lunch with her the day before and enjoyed meeting with her. Mr. Dunlop stated that he thought it was curious that he was the only Commissioner who was not called by the Mayor to support newly appointed Commissioner Sexton to be elected Commission President and that really pointed to the election as nothing more than a farce and was proof that the Redevelopment Agency Commission was not an independent Commission. Mr. Dunlop stated that he was glad to have not received the telephone call from the Mayor because he did not want to contribute to the corruption of the Commission's integrity and clarified that his feelings were not meant to insult the incoming new Commissioner and that it was just a sad comment on the independence of the Commission.

Commissioner Romero welcomed Commissioner Michelle Sexton to the Commission and apologized for not being able to attend her swearing in because he had only heard three hours before the swearing in ceremony. Mr. Romero recalled that when he was appointed to the Commission four years ago, the Mayor told him that every Commissioner on every City Commission had the opportunity to serve as an officer. Mr. Romero shared that he was called by the Mayor to support Michelle Sexton to be elected as Commission President and stated that he would honor the Mayor's request and vote for Ms. Sexton as Commission President. Mr. Romero expressed concern and hoped that the Commission would return to the Mayor's stated policy of every Commissioner being given the opportunity to serve as an officer and was particularly concerned that the Commission had a very able Vice-President in Commissioner Palamountain who had served very well this year and deserved to be elected as Commission President at the next election of officers. Mr. Romero nominated Commissioner Michelle Sexton to the office of President.

Commissioner Yee apologized for not being able to attend Commissioner Sexton's swearing in ceremony and seconded Commissioner Romero's nomination.

Commissioner King stated that the Mayor had the prerogative to make recommendations on his appointees to commissions and Commissioners were duty-bound to honor the Mayor's recommendations because the people elected the Mayor and he appointed the Commissioners. Mr. King agreed with Commissioner Romero's comments about conducting the next election of officers at the first of the year.

Acting President Palamountain enthusiastically welcomed Commissioner Michelle Sexton to the Commission and that she had heard great things about Commissioner Sexton and felt that she would make a good President. Ms. Palamountain appreciated the kind remarks from her fellow Commissioners, but stated that she was not currently interested in serving as Commission President due to her full-time job and that she did not feel at all slighted by the decision to elect Commissioner Sexton as President.

MR. ROMERO NOMINATED MS. SEXTON TO THE OFFICE OF PRESIDENT. MR. YEE SECONDED THE NOMINATION. ON ROLL CALL, THE FOLLOWING VOTED "AYE":

Mr. King
Mr. Romero
Mr. Singh
Mr. Yee
Ms. Sexton
Ms. Palamountain

AND THE FOLLOWING ABSTAINED:

Mr. Dunlop

THE SECRETARY DECLARED THE RESULTS OF THE ROLL CALL VOTE, SIX (6) AYES AND ONE (1) ABSTENTION.

THE ACTING PRESIDENT THEREUPON DECLARED THAT THE NOMINATION CARRIED.

At this time, Ms. Palamountain relinquished the Chair to newly elected President Michelle Sexton.

- 4 (c) Resolution No. 152-2002, Commending and Expressing Appreciation to Chantel L. Walker for her services upon the occasion of her departure from the Redevelopment Agency of the City and County of San Francisco

Commission Secretary Erwin R. Tanjuaquio read the commendation resolution for Chantel L. Walker.

Commissioner Dunlop put forth a motion to adopt item 4 (c) and expressed thanks to Ms. Walker for her service to the Agency and doing a terrific job as Commission President. Mr. Dunlop stated that he would miss working with Ms. Walker, but looked forward to working with newly elected President Sexton.

Commissioner Singh seconded Commissioner Dunlop's motion and remarked that Ms. Walker did a wonderful job as chair and she would be missed by the Commission and congratulated her on her pregnancy.

ADOPTION: IT WAS MOVED BY MR. DUNLOP, SECONDED BY MR. SINGH, AND UNANIMOUSLY CARRIED THAT ITEM 4 (c) RESOLUTION NO. 152-2002, COMMENDING AND EXPRESSING APPRECIATION TO CHANTEL L. WALKER FOR HER SERVICES UPON THE OCCASION OF HER DEPARTURE FROM THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, BE ADOPTED.

- 4 (d) Workshop on the Bi-County Transportation Study, an Analysis of Regional Transportation Needs in the Southeast Sector of the City and County of San Francisco and the Northeast Sector of the County of San Mateo; Bayview Hunters Point Redevelopment Survey Area

Presenters: Stan Muraoka (Agency staff), Jose Luis Moskovich

Speakers: Randall Evans

Commissioner Dunlop thanked staff for an excellent and thorough presentation.

- 4 (e) Resolution No. 153-2002, Authorizing Exclusive Negotiations with City-Core/Johnson Fillmore Partners, a California limited liability company, for the Disposition and Development of Agency Parcel 732-A, located at the northeast corner of Fillmore and Eddy Streets; Western Addition Redevelopment Project Area A-2

The Commission did not take action on item 4 (e) above.

- 4 (f) Resolution No. 154-2002, Authorizing Exclusive Negotiations with Fillmore Development Associates, a California limited liability company, for the Disposition and Development of Agency Parcel 732-A, located at the northeast corner of Fillmore and Eddy Streets; Western Addition Redevelopment Project Area A-2

Presenters: Joanne Sakai, Ricky Tijani, Elena Branick, (Agency staff), Ron Golem (BAE), Jim Jefferson (Primus)

Speakers: Redmond Kernan, Brian Rodrigues, Pat Nacey, Randall Evans, Roger Gordon, Thomas Campbell, Jr., Kevin Jefferson, Daniel B. Landry, Mary Helen Rogers, Rick Kaufman, Randall Martinez, Michael Johnson, Walter Johnson, Stanley Stevens, Rev. Arnold Townsend, Ace Washington, Al Norman, Stan Warren, Derf Butler, Willie Ratcliff, Carmen Johnson, Larry Martin, Dr. Amos Brown

Commissioner Dunlop thanked every member of the community who came and testified on a very important public process for the development of Parcel 732-A. Mr. Dunlop commented that Parcel 732-A had a continuing history of economic injustice and if the Commission did not take action, it would contribute to that sad history and suggested that the Agency needed to do something and move forward with the development of Parcel 732-A because it represented the Agency's incomplete job in Western Addition. Mr. Dunlop observed that in the 20 years that Parcel 732-A lay vacant, the Yerba Buena Gardens were built, the PacBell ballpark was built and Mission Bay was started and yet, there was no progress with Parcel 732-A. Mr. Dunlop put forth a motion to adopt item 4 (f), Resolution No. 154-2002 with the following amendments to the Terms and Conditions: (1) Section 1 Acceptance: replace five (5) days with fifteen (15) days; (2) Section 3 First Benchmark: replace December 11, 2002 with January 11, 2002 and replace November 8, 2002 with December 8, 2002; (3) Section 3(a) First Benchmark: delete the words "conform to one of the development prototypes attached hereto," (Mr. Dunlop thanked Mr. Redmond Kernan for suggesting this amendment.) and delete the words "and requiring no subsidy from the Agency for residential, office or museum uses" at the end of section 3(a); (4) Section 5 Second Benchmark: replace March 26, 2003 with April 26, 2003 and replace February 12, 2003 with March 12, 2003; (5) Section 6 Third Benchmark: replace March 14, 2003 with June 14, 2003 and replace April 23, 2003 with May 23, 2003; and (6) Section 7 Termination: delete the word "without" and insert the words "subject to" following the words "Exclusive Negotiations" on the third line, and replace May 14, 2003 with June 14, 2003, and replace the words "unless the date is previously extended by the Commission by resolution or by the Executive Director in writing" with "subject to Commission approval by resolution."

Commissioner King seconded Commissioner Dunlop's motion with the proposed amendments. Mr. King recalled the long history of Fillmore Center and specifically Parcel 732-A and shared that he was not proud of his vote on the Fillmore Center housing development when he first became a Commissioner because he believed that the development contributed to the

problems that arose in the community. Mr. King added that it was a mistake to split Parcel 732-A and the parcel had been vacant for such a long time that the Agency needed to move forward and give Fillmore Development Associates the opportunity to do what they can do as he believed that the team of Michael Johnson and Derf Butler could do a good job and develop Parcel 732-A. Mr. King thought it was a good idea to have the Transport Workers Union as part of the proposed development because many members including MUNI drivers and their families frequented the union office and that would be good for the area. Mr. King expressed his appreciation to Mr. Jim Jefferson for doing an excellent job in evaluating the development potential of Parcel 732-A.

Commissioner Yee expressed concerns with testimonies about the wrong things that had been done by the Agency to the Western Addition community and felt that the Agency must do what it could to move forward with Parcel 732-A. Mr. Yee recalled that Agency staff deemed both responses to the RFP to be non-responsive and suggested that the Agency should pay close attention to what the community said it wanted and address the needs of the community. Mr. Yee observed that both developers were outstanding teams but believed that the City-Core team did not try to work with the community. Mr. Yee asked if the 30 days additional time (that Mr. Dunlop suggested) was adequate, and Executive Director Rosen responded affirmatively. Mr. Yee suggested a friendly amendment to Mr. Dunlop's amendments with respect to Section 2 Benchmarks Defined, of the Terms and Conditions, to delete the words "without further Commission action" and replace them with the words "subject to Commission approval." Mr. Dunlop accepted the friendly amendment. Mr. Yee stated that such a provision to not have Commission approval on the important issue of automatic termination was not acceptable. Mr. Yee commended Mr. Jim Jefferson for an outstanding report and thanked him for his hard work.

Commissioner Romero recalled that it had been the fourth time that he had supported a Michael Johnson-led development proposal including a hotel at Third and Mission Streets that was awarded to an outside developer some three years ago, a development parcel next to Tommy's Joint on Van Ness and housing development parcels in the Bayview. Mr. Romero stated that he support Mr. Johnson not because he was an African-American, but because he submitted valid and competent proposals. Mr. Romero was disappointed that Mr. Johnson did not have staff's recommendation for Parcel 732-A, and his disappointment was not a criticism of staff because he believed that staff had done a very competent, honest, straightforward analysis and had fulfilled their role in this situation bringing to the Commission's attention what they believed to be good faith shortcomings of meeting the stated goals of the RFP. Mr. Romero stated that Parcel 732-A was a unique situation that called for a different way of thinking and if the Commission followed staff's recommendation to reject the two proposals

that were deemed non-responsive to the RFP, the parcel would remain vacant and nothing would happen for many more years. The team of Michael Johnson deserved the opportunity to refine their proposal working closely with staff and the community. Mr. Romero added that termination of exclusive negotiations should come before the Commission and was not appropriate for staff to decide such a matter for a very important parcel. Mr. Romero lent his support for the motion with the amendments.

Commissioner Palamountain thanked the community for coming out to participate in the process and Jim Jefferson for completing its report in a short time. Ms. Palamountain also thanked both developers for their contributions by responding to the RFP. Ms. Palamountain presented four criteria in her evaluation of Parcel 732-A: (1) timing, because the parcel had been vacant for over 13 years and a further delay by issuing another RFP would not help the dire situation, (2) commercial economic revitalization for the community because she had been educated by the community that what was needed was commercial economic revitalization and although she was an affordable housing advocate, she felt that any available subsidies should be devoted to providing the needed commercial spaces on Parcel 732-A, (3) community support and involvement in the development of the commercial spaces and that such commercial establishments are representative of the African-American community, and (4) commitment from the selected developer because she believed that the parcel had suffered due to a lack of commitment and creativity. Ms. Palamountain stated her support for Michael Johnson and Derf Butler's team based on the above criteria. Ms. Palamountain believed that Mr. Johnson's proposal did not meet all of the goals of the RFP but was confident that Mr. Johnson's team would work closely with staff and the community in achieving what was best for the community. Ms. Palamountain thought that the restaurant was a great idea and one that she would support and recalled testimony from an African-America chef who spoke at the August 20th workshop. Ms. Palamountain was concerned with the affordable housing component and the required subsidies and believed that available subsidies should go to commercial spaces within the development to provide economic revitalization for the community. Ms. Palamountain was excited about the commitment from the Transport Workers Union, but was concerned with the proposed office space subsidy because there available office spaces in and around the vicinity of the Parcel 732-A. Ms. Palamountain was supportive of Mr. Johnson and Mr. Butler's proposal because of the flexibility and responsiveness that they have shown in working with staff to further refine their proposal. Likewise, Ms. Palamountain was glad to see staff's flexibility and suggestions about being good partners with the developer and even possible equity partners in the development of Parcel 732-A.

Commissioner Singh thanked the community especially Supervisor Amos Brown, Larry Martin, Rev. Arnold Townsend and Mary Rogers because the Commission should hear from the community about what it needs and what was the right thing to do. Mr. Singh remarked that both developer teams, Mr. Kaufman and Mr. Johnson and Mr. Butler did a good job. Mr. Singh agreed with Commissioners Yee and Romero that the decision to terminate exclusive negotiations should rest with the Commission and not the staff. Mr. Singh stated his support for providing subsidies where it was most needed.

Commissioner Yee reminded the Commission that its responsibility was to assist the community and although he agreed with providing subsidies for commercial spaces, the Commission should not overlook subsidies for affordable housing particularly for the last parcel in Western Addition. Mr. Yee stated that the Commission should support subsidies for all uses proposed on Parcel 732-A.

President Sexton thanked the public for its participation and the Commissioners for enlightening her about Parcel 732-A. Ms. Sexton was familiar with the history of Parcel 732-A and proudly shared that this was a community that she used to live in and continued to patronize and it was about time that the development moved on after being vacant for so many years. Ms. Sexton was pleased to see the tremendous community support for the Fillmore Development Associates' proposal, which she was also supporting.

ADOPTION: IT WAS MOVED BY MR. DUNLOP, SECONDED BY MR. KING, AND UNANIMOUSLY CARRIED THAT ITEM 4 (f) RESOLUTION NO. 154-2002 AS AMENDED, AUTHORIZING EXCLUSIVE NEGOTIATIONS WITH FILLMORE DEVELOPMENT ASSOCIATES, A CALIFORNIA LIMITED LIABILITY COMPANY, FOR THE DISPOSITION AND DEVELOPMENT OF AGENCY PARCEL 732-A, LOCATED AT THE NORTHEAST CORNER OF FILLMORE AND EDDY STREETS; WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2, BE ADOPTED.

Commission Secretary Erwin R. Tanjuaquio stated for the record that the Commission did not take action on item 4 (e) Resolution No. 153-2002.

5. MATTERS NOT APPEARING ON AGENDA - None.

6. **PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA BUT AGENCY RELATED MATTERS**

- Mary Helen Rogers, Charles Range

7. **REPORT OF THE PRESIDENT**

- President Sexton thanked everyone for the warm welcome and wished Commissioner Leroy King a belated Happy Birthday.

8. **REPORT OF THE EXECUTIVE DIRECTOR**

- Grand opening of the Mission Bay affordable housing development, Rich Sorro Commons, a 100-unit family housing development with childcare and after-school facility – Thursday September 12th from 4:00 to 6:00 p.m. at 150 Berry Street.
- SPUR meeting in the Southeast Community facility on September 18th at 5:45 p.m. to discuss plans for the Bayview community.
- 9-11 memorial at City Hall on September 11th at 4:30 p.m. – Mayor Brown had invited the public to come and sign a commemorative and remembrance book to be sent to New York.

9. **COMMISSIONERS QUESTIONS AND MATTERS**

- Commissioner Palamountain inquired about rumors she heard about different ways that staff was working in the Western Addition in particular the Fillmore area.

Executive Director Rosen responded that as the Commission was aware, a RFQ for street maintenance had been issued and a proposed contract would be before the Commission in the next few weeks. In addition, Don Capobres had been assigned to work with Senior Project Manager Shirley Wysinger on the revitalization of the lower Fillmore district. Ms. Rosen responded to Mary Rogers' comments about the street maintenance issue on Fillmore and stated that she (Ms. Rosen) was aware of the problem of sidewalk cleaning and staff personally patrolled the area and were working with the property and business owners and a street maintenance contract was being prepared for the Commission's consideration.

- Commissioner Palamountain thanked Ms. Rosen for the update and shared that one of things she enjoyed about Ms. Rosen's leadership was her commitment to completing the unfinished agenda in the Western Addition and requested that a workshop on the lower Fillmore be conducted for the Commission and the public.

Executive Director Rosen stated that such a workshop would be scheduled in the next few weeks.

- Commissioner Yee reminded the Commission that it should stick to the time limit rule for public comment and that it was not appropriate for other Commissioners to make a motion to extend the time limit for a speaker and the Chair must not bend the established rules of the Commission.
- Commissioner Yee had been informed that the South of Market PAC had deleted the language in the redevelopment plan amendment that gave first consideration to local non-profit developers and asked if the plan amendment could be brought to the Commission for discussion.

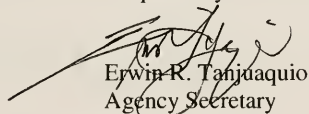
Executive Director Rosen responded that the PAC made recommendations on the plan amendment and prior to final approval, the plan amendment had to go before the Planning Commission, Agency Commission and the Board of Supervisors and staff continued to work closely with the PAC in completing the final plan amendment. The plan amendment was not ready for Commission discussion as other work and analysis were still being completed.

10. CLOSED SESSION: None.

11. ADJOURNMENT

It was moved by Mr. King, seconded by Mr. Singh, and unanimously carried that the meeting be adjourned. The meeting adjourned at 7:46 p.m.

Respectfully submitted,



Erwin K. Tanjuaquio
Agency Secretary

APPROVED:

October 29, 2002

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
17TH DAY OF SEPTEMBER 2002

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 4:00p.m. on the 17th day of September 2002, at the place and date duly established for holding of such a meeting.

President Michelle W. Sexton called the meeting to order at 4:35 p.m. Ms. Sexton welcomed members of the public and asked that cell phones and pagers be turned off during the meeting.

1. **RECOGNITION OF A QUORUM**

The Commission Secretary announced the presence of a quorum with the following Commissioners present.

Michelle W. Sexton, President
Leroy King
Mark Dunlop
Darshan Singh
Benny Y. Yee

And the following were absent:

Ms. Palamountain
Mr. Romero

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Ayisha Benham, Acting Executive Director and staff members were also present.

2. **REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY.** None.

3. **MATTERS OF UNFINISHED BUSINESS:** None.

4. **MATTERS OF NEW BUSINESS:**

CONSENT AGENDA

- 4 (a) Resolution No. 155-2002, Authorizing Amy Neches, Senior Project Manager, to attend the Urban Land Institute Fall Meeting in Las Vegas, Nevada from October 29 to November 1, 2002, at a cost not to exceed \$1,585

A member of the public, Mary Helen Rogers asked that item 4 (b) below be withdrawn from the Consent Agenda. Commissioner Dunlop formally asked that the item be withdrawn from the Consent Agenda.

- 4 (b) Resolution No. 156-2002, Authorizing the Ninth Amendment to the Letter Agreement with the Treasure Island Development Authority, to increase the amount by \$45,000 for a total aggregate contract amount not to exceed \$316,132 and to extend the term to June 30, 2003 for oversight of environmental remediation activities
- 4 (c) Resolution No. 157-2002, Authorizing a First Amendment to the Personal Services Contract with 3D/International, Inc., a Texas corporation, to extend the time for completion of Strategic Facilities Management Consulting Services at Yerba Buena Gardens through December 31, 2003; Yerba Buena Center Redevelopment Project Area

The Commission voted on Consent Agenda items 4(a) and 4(c)

ADOPTION: IT WAS MOVED BY MR. DUNLOP, SECONDED BY MR. YEE, AND UNANIMOUSLY CARRIED (MS. PALAMOUNTAIN AND MR. ROMERO ABSENT) THAT CONSENT AGENDA ITEMS 4 (a), RESOLUTION NO. 155-2002, AUTHORIZING AMY NECHES, SENIOR PROJECT MANAGER, TO ATTEND THE URBAN LAND INSTITUTE FALL MEETING IN LAS VEGAS, NEVADA FROM OCTOBER 29 TO NOVEMBER 1, 2002, AT A COST NOT TO EXCEED \$1,585 AND 4 (c) RESOLUTION NO. 157-2002, AUTHORIZING A FIRST AMENDMENT TO THE PERSONAL SERVICES CONTRACT WITH 3D/INTERNATIONAL, INC., A TEXAS CORPORATION, TO EXTEND THE TIME FOR COMPLETION OF STRATEGIC FACILITIES MANAGEMENT CONSULTING SERVICES AT YERBA BUENA GARDENS THROUGH DECEMBER 31, 2003; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

The Commission resumed discussion of item 4(b)

Presenters: Martha Walters (Agency staff)

Speakers: Mary Helen Rogers

Commissioner Yee asked for clarification regarding Mrs. Rogers' statement that the Letter Agreement with the Treasure Island Development Authority was subject to the Agency's three-year procurement policy.

Acting Executive Director Ayisha Benham responded that the three-year procurement policy applied to outside consultant services and explained that the Treasure Island Development Authority was purchasing services from the Agency and Martha Walters, an Agency employee had been providing the services and paid for by the Treasure Island Development Authority.

Commissioner Dunlop stated that the Letter Agreement and the relationship with the Treasure Island Development Authority was quite clear and thanked Martha Walters for her good work. Mr. Dunlop put forth a motion to adopt item 4 (b). Commissioner Singh seconded the motion.

Commissioner King pointed out that the matter before the Commission was not a contract and the services were the responsibility of the Agency and the relationship with the Treasure Island Development Authority was very clear.

ADOPTION: IT WAS MOVED BY MR. DUNLOP, SECONDED BY MR. SINGH, AND UNANIMOUSLY CARRIED (MS. PALAMOUNTAIN AND MR. ROMERO ABSENT) THAT ITEM 4 (b) RESOLUTION NO. 156-2002, AUTHORIZING THE NINTH AMENDMENT TO THE LETTER AGREEMENT WITH THE TREASURE ISLAND DEVELOPMENT AUTHORITY, TO INCREASE THE AMOUNT BY \$45,000 FOR A TOTAL AGGREGATE CONTRACT AMOUNT NOT TO EXCEED \$316,132 AND TO EXTEND THE TERM TO JUNE 30, 2003 FOR OVERSIGHT OF ENVIRONMENTAL REMEDIATION ACTIVITIES, BE ADOPTED.

REGULAR AGENDA

- 4 (d) Resolution No. 158-2002, Authorizing a Third Amendment to the Grant Agreement with the Yerba Buena Alliance, a California nonprofit mutual benefit corporation for an annual grant of \$25,000 for an additional three years and an aggregate grant of \$250,000; Yerba Buena Center Redevelopment Area

Presenters: Cathy Pickering (Agency staff), Anita Hill (Yerba Buena Alliance)

Speakers: Mary Helen Rogers, Natalie Berg, Don Marcos, William Moreno

Commissioner Singh asked if there were yearly dues for members of the Yerba Buena Alliance and how much. Mr. Singh also asked what the qualifications were to become members of the Yerba Buena Alliance.

Ms. Anita Hill responded that the Yerba Buena Alliance had yearly dues for its members and the dues were on a graduated scale ranging from individual members, small businesses and basic businesses and generally based upon what the organization could afford to pay. Individual membership started at \$110.00 per year, small businesses at \$275.00 per year, basic businesses at \$550.00 per year and corporate sponsors such as Millennium Partners, the Griffin Related Companies and Forrest City were at the \$25,000 per year level.

Commissioner Singh expressed to Anita Hill that she was doing a commendable job and to keep up the good work. Mr. Singh put forth a motion to adopt item 4 (d).

Commissioner Yee lauded Anita Hill's hard work and dedication to the Yerba Buena Gardens and remarked that Anita Hill's name had become a household name in and around Yerba Buena Center. Mr. Yee urged Anita Hill to keep up the good work and that he looked forward to the 11th anniversary of the Yerba Buena Alliance. Mr. Yee enthusiastically seconded Commissioner Singh's motion.

Commissioner Dunlop expressed his appreciation to the dedicated work of the Yerba Buena Alliance and thanked Anita Hill for her hard work.

Commissioner King recalled that the Yerba Buena Alliance started out as a volunteer group and Yerba Buena Gardens had become one of top places to go in the country because of the hard work of the Yerba Buena Alliance. Mr. King expressed his appreciation to the Yerba Buena Alliance and commended Anita Hill for doing a great job.

ADOPTION: IT WAS MOVED BY MR. SINGH, SECONDED BY MR. YEE, AND UNANIMOUSLY CARRIED (MS. PALAMOUNTAIN AND MR. ROMERO ABSENT) THAT ITEM 4 (d) RESOLUTION NO. 158-2002, AUTHORIZING A THIRD AMENDMENT TO THE GRANT AGREEMENT WITH THE YERBA BUENA ALLIANCE, A CALIFORNIA NONPROFIT MUTUAL BENEFIT CORPORATION FOR AN ANNUAL GRANT OF \$25,000 FOR AN ADDITIONAL THREE YEARS AND AN AGGREGATE GRANT OF \$250,000; YERBA BUENA CENTER REDEVELOPMENT AREA, BE ADOPTED.

- 4 (e) Resolution No. 159-2002, Authorizing a Second Amendment to the Personal Services Contract with Darby J. Kremers, an independent contractor, to extend the time of performance to December 31, 2002, for Real Estate Consulting Services; All Redevelopment Project and Survey Areas

Presenters: William Carney (Agency staff)

Commissioner King recalled Mary Rogers' comments about the Agency's three-year procurement policy and stated that policy would certainly apply to the personal services contract with Darby Kremers. Mr. King understood that Ms. Kremers was assisting staff in completing the work in Yerba Buena Center and put forth a motion to adopt item 4 (e).

Commissioner Singh seconded Commissioner King's motion.

Commissioner Yee asked what were staff's plans at the end of Ms. Kremers' contract.

Acting Executive Director Ayisha Benham responded that staff had been working to recruit a replacement for Darby Kremers who retired as the Agency's Development Manager last year and that the matter before the Commission was simply an extension of time to allow Ms. Kremers to complete the work on Jessie Square and related matters in Yerba Buena Center.

ADOPTION: IT WAS MOVED BY MR. KING, SECONDED BY MR. SINGH, AND UNANIMOUSLY CARRIED (MS. PALAMOUNTAIN AND MR. ROMERO ABSENT) THAT ITEM 4 (e) RESOLUTION NO. 159-2002, AUTHORIZING A SECOND AMENDMENT TO THE PERSONAL SERVICES CONTRACT WITH DARBY J. KREMERS, AN INDEPENDENT CONTRACTOR, TO EXTEND THE TIME OF PERFORMANCE TO DECEMBER 31, 2002, FOR REAL ESTATE CONSULTING SERVICES; ALL REDEVELOPMENT PROJECT AND SURVEY AREAS, BE ADOPTED.

- 4 (f) Resolution No. 160-2002, Authorizing a Sublease with Carmen and Benito Solis, doing business as Carmen's Restaurant, for \$1,200 per month and a 20 month lease term for a portion of the bulkhead building and property located at Pier 38/40; Rincon Point-South Beach Redevelopment Project Area

Presenters: Amy Neches (Agency staff)

Speakers: Brian McWilliams, Dr. Joseph Julian, Bernadette Sy, Don Marcos

Commissioner King put forth a motion to adopt item 4 (f) and acknowledged the presence of Carmen Solis and shared that he had been eating at Carmen's for the last 40 years and that during the ILWU strikes on the waterfront, workers who did not have money were able to eat at Carmen's and just pay her back when they had money. Mr. King stated that Carmen was a true foundation for the ILWU and he was glad that staff found her a place on the waterfront where she had been for all those years. Mr. King believed that Carmen's would be a real asset at the Pier 40 area and would help maintain some semblance of a working class neighborhood in the South of Market neighborhood. Mr. King hoped that the Commission would unanimously support the sublease with Carmen's restaurant.

Commissioner Yee welcomed Carmen to the meeting and lauded her great cooking and joked that she should include either a sweet and sour or chop suey dish in her menu. Mr. Yee was pleased to have someone like Carmen with a long experience doing business in the area and looked forward to the grand opening of the restaurant at Pier 40. Mr. Yee thanked Dr. Joseph Julian and Port Commissioner Brian McWilliams for their support, and seconded Commissioner King's motion.

Commissioner Singh had not eaten at the restaurant but heard a lot of good things and would drop by and sample the food.

Commissioner Dunlop thanked staff for coming up with a creative solution to retain such a landmark as Carmen's restaurant in the area and shared that he also had not been to the restaurant but promised to come after its opened.

ADOPTION: IT WAS MOVED BY MR. KING, SECONDED BY MR. YEE, AND UNANIMOUSLY CARRIED (MS. PALAMOUNTAIN AND MR. ROMERO ABSENT) THAT ITEM 4 (f) RESOLUTION NO. 160-2002, AUTHORIZING A SUBLEASE WITH CARMEN AND BENITO SOLIS, DOING BUSINESS AS CARMEN'S RESTAURANT, FOR \$1,200 PER MONTH AND A 20 MONTH LEASE TERM FOR A PORTION OF THE BULKHEAD BUILDING AND PROPERTY LOCATED AT PIER 38/40; RINCON POINT-SOUTH BEACH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

4 (g) Workshop on the Agency's Affordable Homeownership Program Revisions

After this item was called, Commissioner King noticed that members of the public that have expressed interest in the Agency's Affordable Homeownership Program were not in attendance at the meeting and asked if there was notification to the public about the workshop.

Minutes of a Regular Meeting September 17, 2002

Ms. Kate Hartley of the Housing Division responded that the Agency held a community meeting on September 9th and everyone who had expressed interest in the program in addition to the Agency's general mailing list were notified of that community meeting. In addition, the public was notified as part of the September 17th Agenda for the workshop and she believed that the reason for the lack of attendance at the Commission meeting was due to the great turnout at the September 9th community meeting and was not indicative of the lack of interest on the workshop. Ms. Hartley added that there was a lot of inquiry from the public during the last week and a lot of interest was expressed at the community workshop.

Presenters: Kate Hartley (Agency staff)

Speakers: Mary Helen Rogers, Reuben Goodman

Commissioner Yee thanked staff for an excellent presentation, but expressed concern that the Agency should be careful to define the program to prevent possible abuse of the program and observed that the program may not be suitable for everybody's situation and only intended for certain individuals, and stated that the program needs further refinement. Mr. Yee used an example where he was able to participate in the program and successfully purchase a home under the program and secretly rented the home to someone else and asked how such a situation could be prevented, monitored and enforced.

Mr. Olson Lee, Housing Manager responded that the Agency had ongoing compliance monitoring and a requirement for owner-occupancy under the program. In addition, staff conducted annual monitoring of the homes and required proofs of occupancy through utility bills and driver's licenses of the occupants. Mr. Lee added that the Agency's second deed of trust provided an additional measure of scrutiny to prevent illegal transfers of the unit and reiterated that the intent of the program was to maintain the unit as an affordable unit to provide like opportunities for another low-income purchaser should the unit become available. Mr. Lee assured the Commission that if staff became aware of illegal transfers, it would pursue the Agency's rights under its second deed of trust on the unit.

Commissioner Yee was dubious that the Agency had the manpower to adequately monitor and enforce the program restrictions and that it would be difficult to check and verify owner occupancy through utility bills.

Commissioner Singh thanked Ms. Hartley for a good presentation and that he learned a lot from it.

Commissioner Dunlop also thanked Ms. Hartley for the good and concise presentation and expressed that he liked the revisions proposed for the

program and that it achieved the City's goal of providing affordable homeownership opportunities, although the program was clearly not intended for everyone, but at least an opportunity for affordable homeownership. Mr. Dunlop inquired about the Agency's purchase option and asked if there was not a qualified buyer after 150 days, did the income qualification category go up to the higher 135% of the AMI income threshold.

Ms. Hartley responded that would not occur because the home was sold at a restricted sales price and would be resold at the same original income qualification category to preserve its affordability at the same income limit when the unit was originally purchased.

Commissioner Dunlop agreed with Mary Rogers' comments that the program had problems, but reiterated that the program was not intended for everybody and the Agency was trying to help achieve the City's desire to provide affordable homeownership opportunities to lower-income household who would not otherwise have the opportunity.

Commissioner Yee recalled Mary Rogers' statements that staff did not provide the same material to the public at the community workshop and asked staff to ensure that all relevant materials be provided to the public when presenting a very important Agency program.

Ms. Hartley informed the Commission that staff presented the identical presentation materials at the community workshop and at the Commission meeting. The only material that was not provided was the Commission memorandum in accordance with Agency policy of not making the memorandum public until the Commission had received the information first.

Commissioner Yee understood and complimented Ms. Hartley for her expertise and thanked her for doing a great job.

Commissioner Dunlop echoed that the Ms. Hartley's presentation was so good that it would not do any harm to take the show on the road and perhaps include the workshop presentation in Hunters Point as part of other CAC or PAC meeting in the near future. Mr. Dunlop shared a telephone call he received from an irate member of the public because they did not receive the Commission Agenda until the day of the meeting and could not attend.

Commission Secretary Erwin R. Tanjuaquio informed the Commission that the Agenda was regularly mailed out to the Agency's mailing list every Friday preceding the Tuesday Commission meeting pursuant to the public noticing requirement of the Brown Act.

President Sexton asked if the affordable homeownership program included the usual homeownership benefits of mortgage and insurance tax deductions. Ms. Hartley affirmed and apologized for unintentionally omitting that very important benefit of the program.

5. **MATTERS NOT APPEARING ON AGENDA** - None.

6. **PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA BUT AGENCY RELATED MATTERS**

- Mary Helen Rogers

7. **REPORT OF THE PRESIDENT** None.

8. **REPORT OF THE EXECUTIVE DIRECTOR**

- 8 (a) Update on the Status of the Plaza Hotel, 988-992 Howard Street; South of Market Earthquake Recovery Redevelopment Project Area

Presenters: Olson Lee (Agency staff)

Speakers: James Collins

Commissioner Yee recalled that the Commission authorized the incorporation of PIDC last year and that the purpose of the PIDC was to demolish the existing Plaza Hotel and replace it with a new affordable housing development, and in the meantime, the Agency had spent a lot of public money on repairs for a building that would be demolished later and suggested that the Agency look into obtaining an interim loan to pay for the repairs. Mr. Yee asked if there was a streamlined development process since the property was publicly owned and stated that he had seen many other projects go much faster like the recently approved development on the former Japantown Bowl site.

Mr. Olson Lee, Housing Manager responded that the issue with the Plaza Hotel involved more than just the financing but also the planning and entitlement process, and staff needed the time for that process to be finished and it would not be useful to obtain an interim loan at this time. Mr. Lee stated that Agency staff was working closely with the Planning Department on the application and was receiving cooperation with all involved City departments in facilitating the Plaza Hotel development.

Commissioner Yee expressed concerns that the process had taken too long.

Commissioner Singh asked about reported illegal activities in the Plaza Hotel contained in a newsletter he received in his packet and asked if staff was aware of such illegal activities. Mr. Singh asked if there was an on-site manager and how many residents there were.

Mr. Olson Lee stated that he had also seen the newsletter, and the Agency property management staff was looking into installing surveillance cameras to address the alleged illegal activities. In addition, the John Stewart Company (property management firm) hired by the Agency was working with the residents and the Police Department to address the issues. Mr. Lee and Ms. Marie Louis Francois of the John Stewart Company informed the Commission that there were 38 residents within 34 units of the Plaza Hotel.

Commissioner Dunlop thanked staff for its hard work and responsiveness on an endeavor such as direct development and property management that had not been done in recent history. Mr. Dunlop expressed concern with the property manager from John Stewart who suggested that Commissioners not talk to Plaza Hotel residents and stated that as a Commissioner, he had the obligation to hear the public's concerns about Agency projects. Mr. Dunlop shared that Commissioner Palamountain who could not attend the meeting, wanted him to stress the importance of public participation throughout the development of the Plaza Hotel and asked staff to present the public participation plan to the Commission once it is completed and that he shared the same concern as Commissioner Palamountain. Mr. Dunlop agreed with Commissioner Yee's concerns that the process had taken too much time, but reminded that the Commission did make the decision to reject the original non-profit developer who was ready to proceed and asked if the PIDC had hired an architect for the Plaza Hotel because he recalled that the Executive Director advised the Commission that there would only be a six-month delay from the original schedule. Mr. Dunlop asked what the difference was between the Agency and the PIDC because they shared the same employees working for both entities. Mr. Dunlop asked if staff anticipated problems with the PIDC applying for State funding and if that would create further delays.

Mr. Olson Lee responded that the PIDC had not yet hired an architect but was scheduled to consider the selection of an architect at the PIDC board meeting on September 23rd. Mr. Lee explained that the PIDC as directed by the Agency Commission had the goal of producing more affordable housing and its efforts would be focused on the particular site of the Plaza Hotel and the Redevelopment Agency had a much broader geographic scope in the numerous redevelopment project areas it had jurisdiction over. Mr. Lee stated that staff did not anticipate problems with the PIDC applying for State funding because as the Agency had always assisted and facilitated funding of other new non-profit development corporations, so it would also assist the

PIDC in securing the necessary financing and could achieve this acting as the lender or the guarantor for the project. Mr. Lee added that the Agency had an excellent reputation in the financing of affordable housing and would do its best to help with the development of the Plaza Hotel.

Commissioner Dunlop expressed his doubt the Plaza Hotel would be developed more efficiently and with less cost than if the Agency had gone ahead with the initial non-profit developer who had already done much of the groundwork. Mr. Dunlop asked when the demolition of the Plaza Hotel would take place and if the Agency were to offer the site to another non-profit developer, would the Agency save time.

Mr. Olson Lee responded that since the plans to replace the Plaza Hotel had not yet been completed, the current building could not be demolished and therefore, there was not yet a schedule for demolition. Mr. Lee stated that staff was always hopeful to expedite the Agency's projects and the PIDC was scheduled to select a project architect, but if the Agency were to offer the site to another non-profit developer, it would have to restart the RFP process and would result in additional time instead of saving time.

Commissioner Dunlop expressed the same concerns that Commissioners Yee and Palamountain had about moving forward with the project so that the residents could finally have a decent place to live. Mr. Dunlop asked about the relocation plan for the Plaza Hotel and asked staff to keep the residents informed of their relocation options.

Mr. Olson Lee informed the Commission that the Agency had not yet contracted with a relocation consultant but as soon as it does, it will notify the residents and schedule individual interviews as soon as practically possible. Mr. Olson added that staff was very committed in doing the right thing for the Plaza Hotel residents.

Commissioner Yee requested Mr. Olson Lee to provide the Commission with a detailed progress report of the PIDC's activities since it was established because he felt that staff was not treating the Plaza Hotel with the priority that the Mayor had indicated to the Commission.

Commissioner King observed that the Commission was losing its focus on the Plaza Hotel and reminded that the Agency Commission voted, rightly or wrongly, to establish the PIDC and was set up to deal solely with the development of the Plaza Hotel. Mr. King added that the Articles of Incorporation approved by the Commission provided for an independent board to facilitate the development of the Plaza Hotel and the Commission had no jurisdiction over the PIDC board to require it to provide a detailed progress report because all that was required was a periodic status report on its efforts on the Plaza Hotel. Mr. King was a little perturbed to hear

concerns from other Commissioners about the money that the Agency had spent on the Plaza Hotel, but reminded the Commission that it authorized the expenditures to do the needed life-safety repairs before demolition in order to provide a decent place to live for the current residents. Mr. King stated that the Commission should already be aware that the process would take a long time because when it approved the incorporation of the PIDC, it was understood that it would start from scratch.

Commissioner Dunlop agreed with Commissioner King's statements and commended staff for the hard work in improving the Plaza Hotel and shared that he had visited the Plaza Hotel and there was a marked improvement and the place was nice and clean. Mr. Dunlop inquired about the progress on the roof repairs as well as the sprinklers.

Mr. Olson Lee responded that staff had authorized the John Stewart Company to seek bids for both work items and the repairs would be underway soon.

Commissioner Singh agreed with Commissioner King's statements that the Agency Commission did not have jurisdiction over the PIDC.

Commissioner Yee disagreed with Commissioners King and Singh's statements that the Agency Commission did not have jurisdiction over the PIDC and asked the General Counsel for an opinion. Mr. Yee specifically asked if the Commission had the authority to ask the PIDC to expedite its process in addition to the regular progress reports.

General Counsel Bertha A. Ontiveros stated that Commissioner King correctly stated that the PIDC board was a separate legal entity and its staff was obligated to provide the Commission with a quarterly progress report, which Mr. Olson Lee provided to the Commission. As far as the Agency's jurisdiction over the PIDC, it was the same as for any other non-profit developer and would authorize funding and to enter into contractual agreements such as the cooperation agreement and other arrangements, but the day-to-day operations of the PIDC rested with the board of directors of the PIDC. Ms. Ontiveros stated that the Commission could always request the PIDC board for additional information, but as far as directing the PIDC to expedite certain matters, that would be within the jurisdiction of the board of directors rather than the Agency Commission. Ms. Ontiveros added that the PIDC board of directors was a separate independent legal body.

Commissioner Dunlop asked if the Agency Commission could vote to dissolve the PIDC or withhold funding for its operations.

Ms. Ontiveros responded that the PIDC board operated under a set of bylaws and it would have to vote to dissolve itself because technically, the PIDC was a separate legal entity. The Commission could request that the PIDC be dissolved but the decision was up to the board of directors. Ms. Ontiveros affirmed that the Commission could withhold funding the PIDC.

At this time, Acting Executive Director Ayisha Benham continued with the Report of the Executive Director.

- Groundbreaking held on September 12th for the first development to be completed in Mission Bay, the Rich Sorro Commons, a 100-unit family housing development with on-site child-care and after school facility.
- Introduced Robert Costa, the Agency's new urban fellow – from the National Urban Fellow program, which provided opportunities to un-represented individuals to gain job experience in the field of community planning and development.
- PIDC board meeting on September 23rd at 6:00 p.m. at the Agency offices to discuss the architectural selection for the Plaza Hotel.

9. COMMISSIONERS QUESTIONS AND MATTERS

- Commissioner King put forth a motion to place on the October 8th calendar, the annual performance evaluation of the Executive Director. Commissioner Dunlop seconded the motion.

MOTION: IT WAS MOVED BY MR. KING, SECONDED BY MR. DUNLOP, AND UNANIMOUSLY CARRIED (MS. PALAMOUNTAIN AND MR. ROMERO ABSENT) TO PLACE ON THE OCTOBER 8, 2002 CLOSED SESSION CALENDAR, THE ANNUAL PERFORMANCE EVALUATION OF THE EXECUTIVE DIRECTOR.

- Commissioner Yee asked if the Commission had the authority to ask that the PIDC prepare a progress report on the Plaza Hotel development from the inception of the PIDC and to include proposed next steps in the process.

Ms. Ontiveros responded that the Commission had the authority to ask for any information from the PIDC or any other non-profit developer, but that the Commission would not be in a position to compel the non-profit to respond.

- Commissioner Yee asked Agency staff to request the PIDC to include in the next quarterly progress report, specific information about the progress made on the Plaza Hotel development since the inception of the PIDC and to include proposed next steps in the process. The Commission granted its unanimous consent to Commissioner Yee's request (Commissioners Palamountain and Romero were absent).
- Commissioner Dunlop suggested that the Agenda packet be consistently sent to the Commissioners on Thursdays and to mail the final agenda to the public on Thursdays as well so that the public had ample notice of items being considered by the Commission.
- Commissioner Dunlop inquired about a community meeting regarding the 1600 Scott Street project.

Mr. Olson Lee informed the Commission that staff was awaiting to conduct the workshop on the Agency's Affordable Homeownership Program and directions from the Commission with respect to the proposed revisions to the program and would subsequently schedule a community meeting with Section 8 certificate holders on the proposed development of 1600 Scott Street, and then schedule the matter before the Commission in the coming weeks.

- Commissioner King clarified that the Agency's certificate holders did have priority over public housing tenants who had Section 8 certificates for the Scott Street project.

Mr. Olson Lee affirmed that the Western Addition certificate holders had priority for the Scott Street project, and staff was working with the Housing Authority to avail eligible individuals of available Federal funding.

- Commissioner King reiterated that the PIDC was a separate legal entity as indicated by the General Counsel and expressed concern about requesting specific information on the Plaza Hotel development. Mr. King pointed out that the PIDC held public meetings and if Commissioners wanted information beyond the quarterly progress reports, they could attend and request whatever information as a member of the public. Mr. King reminded the Commission that it approved the cooperation agreement that required quarterly progress reports to the Agency Commission and thought that the report provided by Mr. Olson Lee was very good.

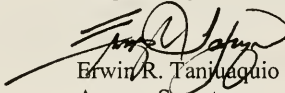
10. CLOSED SESSION:

- (a) Pursuant to Government Code § 54956.8 to instruct the Agency's real property negotiators in furtherance of the Exclusive Negotiations Agreement with Lennar BVHP Partners, LLC for Hunters Point Shipyard. Agency/City negotiators: Marcia Rosen, Don Capobres, Joanne Sakai, Olson Lee, Gaynell Armstrong, Jesse Blout (MOED) and Michael Cohen (Office of the City Attorney).
- (b) Pursuant to Government Code § 54956.8 to instruct the Agency's negotiators with respect to terms and conditions of payment regarding the proposed lease of the property known as the Jessie Hotel, located in the Paramount Apartments building at the northeast corner of Mission and Third Streets; Yerba Buena Center Redevelopment Project Area.

11. ADJOURNMENT

It was moved by Mr. Dunlop, seconded by Mr. King, and unanimously carried that the meeting be adjourned. The meeting adjourned at 8:12 p.m.

Respectfully submitted,



Erwin R. Taniwaquio
Agency Secretary

APPROVED:

November 12, 2002

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
24TH DAY OF SEPTEMBER 2002

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 4:00p.m. on the 24th day of September 2002, at the place and date duly established for holding of such a meeting.

President Michelle W. Sexton called the meeting to order at 4:08 p.m. Ms. Sexton welcomed members of the public and asked that cell phones and pagers be turned off during the meeting.

1. **RECOGNITION OF A QUORUM**

The Commission Secretary announced the presence of a quorum with the following Commissioners present.

Michelle W. Sexton, President
Ms. Palamountain, Vice-President
Leroy King (arrived @ 4:05 p.m.)
Darshan Singh
Benny Y. Yee (arrived @ 4:05 p.m.)

And the following were absent:

Mark Dunlop
Mr. Romero

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Marcia Rosen, Executive Director and staff members were also present.

2. **REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY.** None.

3. **MATTERS OF UNFINISHED BUSINESS:** None.

4. **MATTERS OF NEW BUSINESS:**

CONSENT AGENDA

- 4 (a) Resolution No. 161-2002, Authorizing Heidi Gewertz, Staff Attorney, to travel to Washington, D.C. on October 16-18, 2002 to attend the Institute for Professional and Executive Development, Inc.'s Housing Tax Credit Seminar for a cost not to exceed \$1,800
- 4 (b) Resolution No. 162-2002, Authorizing a Second Amendment to the Personal Services Contract with McCoy's Patrol Service, a California corporation, to Extend the contract term for four months and to increase the total compensation in an amount of \$20,000 for an aggregate contract amount not to exceed \$210,000 for security guard services at South Beach Harbor; Rincon Point-South Beach Redevelopment Project Area
- 4 (c) Resolution No. 163-2002, Authorizing a Revision to the Ground Lease Agreement with Mercy Housing California XXII, a California limited partnership, requiring approval by the Board of Supervisors of the City and County of San Francisco for certain future sales of the improvements at the Dudley Apartments, 172 Sixth Street, in conjunction with the acquisition and rehabilitation of 75 units of very low and low-income rental housing; South of Market Earthquake Recovery Redevelopment Project Area
- 4 (d) Resolution No. 164-2002, Authorizing Approval of Lease Terms between the New Delhi Restaurant and MM Preservation L.P., a California limited partnership, pursuant to the Maria Manor Ground Lease for property located at 174 Ellis Street, Affordable Housing Preservation Program
- 4 (e) Resolution No. 165-2002, Authorizing a First Amendment to the Personal Services Contract with the Japanese Community Youth Council, fiscal agent to the Japantown Task Force, Inc., to Extend the time of completion to December 1, 2002, for the implementation of the Japantown Comprehensive Community Plan; Western Addition A-2 Redevelopment Project Area

ADOPTION: IT WAS MOVED BY MR. KING, SECONDED BY MR. SINGH, AND UNANIMOUSLY CARRIED (MR. DUNLOP AND MR. ROMERO ABSENT) THAT CONSENT AGENDA ITEMS 4 (a), RESOLUTION NO. 161-2002, AUTHORIZING HEIDI GEWERTZ, STAFF ATTORNEY, TO TRAVEL TO WASHINGTON, D.C. ON OCTOBER 16-18, 2002 TO ATTEND THE INSTITUTE FOR PROFESSIONAL AND EXECUTIVE DEVELOPMENT, INC.'S HOUSING TAX CREDIT SEMINAR FOR A COST NOT TO EXCEED \$1,800, 4 (b) RESOLUTION NO. 162-2002, AUTHORIZING A SECOND AMENDMENT TO THE PERSONAL SERVICES CONTRACT WITH MCCOY'S PATROL SERVICE, A CALIFORNIA CORPORATION, TO EXTEND THE CONTRACT TERM FOR FOUR MONTHS AND TO INCREASE THE TOTAL COMPENSATION IN AN AMOUNT OF

\$20,000 FOR AN AGGREGATE CONTRACT AMOUNT NOT TO EXCEED \$210,000 FOR SECURITY GUARD SERVICES AT SOUTH BEACH HARBOR; RINCON POINT-SOUTH BEACH REDEVELOPMENT PROJECT AREA, 4 (c) RESOLUTION NO. 163-2002, AUTHORIZING A REVISION TO THE GROUND LEASE AGREEMENT WITH MERCY HOUSING CALIFORNIA XXII, A CALIFORNIA LIMITED PARTNERSHIP, REQUIRING APPROVAL BY THE BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO FOR CERTAIN FUTURE SALES OF THE IMPROVEMENTS AT THE DUDLEY APARTMENTS, 172 SIXTH STREET, IN CONJUNCTION WITH THE ACQUISITION AND REHABILITATION OF 75 UNITS OF VERY LOW AND LOW-INCOME RENTAL HOUSING; SOUTH OF MARKET EARTHQUAKE RECOVERY REDEVELOPMENT PROJECT AREA, 4 (d) RESOLUTION NO. 164-2002, AUTHORIZING APPROVAL OF LEASE TERMS BETWEEN THE NEW DELHI RESTAURANT AND MM PRESERVATION L.P., A CALIFORNIA LIMITED PARTNERSHIP, PURSUANT TO THE MARIA MANOR GROUND LEASE FOR PROPERTY LOCATED AT 174 ELLIS STREET, AFFORDABLE HOUSING PRESERVATION PROGRAM, AND 4 (e) RESOLUTION NO. 165-2002, AUTHORIZING A FIRST AMENDMENT TO THE PERSONAL SERVICES CONTRACT WITH THE JAPANESE COMMUNITY YOUTH COUNCIL, FISCAL AGENT TO THE JAPANTOWN TASK FORCE, INC., TO EXTEND THE TIME OF COMPLETION TO DECEMBER 1, 2002, FOR THE IMPLEMENTATION OF THE JAPANTOWN COMPREHENSIVE COMMUNITY PLAN; WESTERN ADDITION A-2 REDEVELOPMENT PROJECT AREA, BE ADOPTED.

REGULAR AGENDA

- 4 (f) Resolution No. 166-2002, Approving a Personal Services Contract with the San Francisco Community Clinic Consortium, a California non-profit public benefit corporation, in the amount of \$136,440 for services as fiscal agent for the South of Market Project Area Committee; South of Market Earthquake Recovery Redevelopment Project Area

Presenters: Michelle Ponce (Agency staff)

Speakers: Antoinetta Stadlman, Mary Helen Rogers

Commissioner Singh put forth a motion to adopt item 4 (f).

Commissioner King asked how many years there were on the contract and was the contract on its second or third year.

Executive Director Marcia Rosen responded that the proposed contract was a new offer as a result of a duly published RFQ and in accordance with the Agency's procurement policy, a new RFQ was published because the existing contract had reached the third year. There was no prohibition of awarding the contract to the same contractor following the issuance of a new RFQ where the existing contractor was deemed to be the most qualified of the respondents. Ms. Rosen added that the contract was first awarded four years ago.

Commissioner Yee verified that the original contract was first awarded four years ago and understood that the contract was being extended. Mr. Yee asked if this was in accordance with Agency policy.

Executive Director Rosen responded that the recommended contract was in compliance with the Agency's procurement policy. The existing contract had been in existence for three years, and in June of 2002, the Commission authorized a four-month extension to allow staff to issue a new RFQ providing opportunity for open competition for a new contract. The matter before the Commission was a new recommended contract following completion of a RFQ process, and the recommended contract was a one-year contract. If the Commission approved it, the contract renewal would come before the Commission in a year's time.

ADOPTION: IT WAS MOVED BY MR. SINGH, SECONDED BY MS. PALAMOUNTAIN, AND UNANIMOUSLY CARRIED (MR. DUNLOP AND MR. ROMERO ABSENT) THAT ITEM 4 (f) RESOLUTION NO. 166-2002, APPROVING A PERSONAL SERVICES CONTRACT WITH THE SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM, A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION, IN THE AMOUNT OF \$136,440 FOR SERVICES AS FISCAL AGENT FOR THE SOUTH OF MARKET PROJECT AREA COMMITTEE; SOUTH OF MARKET EARTHQUAKE RECOVERY REDEVELOPMENT PROJECT AREA, BE ADOPTED.

Items 4 (g), 4 (h) and 4 (i) were presented together and acted upon separately.

- 4 (g)** Resolution No. 167-2002, Authorizing a Second Amendment to the Owner Participation Agreement with Tenants and Owners Development Corporation, a California nonprofit public benefit corporation to Revise the schedule of performance and other technical changes for the mixed-use, low income senior development at 827 Howard Street; Yerba Buena Center Redevelopment Project Area

- 4 (h) Resolution No. 168-2002, Authorizing a First Amendment to the Commercial Loan Agreement with Tenants and Owners Development Corporation, a California nonprofit public benefit corporation, to Reduce the loan amount by \$393,000 to an adjusted amount not to exceed \$986,000, for the retail/institutional component of the mixed-use low income senior housing development, 827 Howard Street; Yerba Buena Center Redevelopment Project Area
- 4 (i) Resolution No. 169-2002, Authorizing a Grant Agreement with Tenants and Owners Development Corporation, a California nonprofit public benefit corporation, in an amount not to exceed \$1,014,000, for the re-landscaping of the common area adjacent to the Clementina Towers, 320 Clementina Street; Yerba Buena Center Redevelopment Project Area

Presenters: Ricky Tijani (Agency staff)

Speakers: Jennie Riggs, Esther Fjellhaug

Commissioner Yee inquired about the reported problems around Clementina Towers including animals and street people frequenting the area and asked how long the problems had existed. Mr. Yee observed that only two tenants came to the Commission meeting and he would have liked to see more tenants come to the meeting to lend their support for the project.

Mr. Ricky Tijani believed that the adjacent parcel had been vacant for 15 years and proffered that the proposed re-landscaping would eliminate the problems and encourage usage by the tenants.

Mr. Gregg Fortner, Director of the Housing Authority, shared with the Commission that the Housing Authority had experienced a 23% cut in capital funds that have affected the Housing Authority's ability to make physical improvements on properties like the Clementina Towers. Mr. Fortner stated that because of dwindling federal funding, it was very important for the Housing Authority to forge partnerships with the Redevelopment Agency and TODCO as well as HUD to stretch the very limited funding sources for needed improvements. Mr. Fortner explained that Clementina Towers was a senior housing development and its elderly population had limited means of getting around and most of them could not come to the meeting.

Commissioner Yee understood and put forth a motion to adopt item 4 (g).

Commissioner Palamountain seconded Commissioner Yee's motion and thanked all of the Agency's partners in the project including HUD and the Housing Authority for working cooperatively on an important project. Ms.

Palamountain asked if there was an existing maintenance agreement for the common area.

Mr. Ricky Tijani responded that the Owner Participation Agreement had a requirement that a maintenance agreement be entered into by the Housing Authority and TODCO as a precondition for funding of the project.

Commissioner Palamountain stated that she would rely on staff's representation that a maintenance agreement would be in place before any funds are advanced to the project because she was concerned that the gardens are provided and maintained for many years.

Commissioner Singh asked for an explanation of the loan and the grant for the project.

Mr. Ricky Tijani explained that there were two transactions, one for the retail/institutional component of the mixed-use low-income senior housing development, which was a loan of \$986,000 and the other was a grant of \$1,014,000 for the first phase of the re-landscaping of the common area adjacent to the Clementina Towers.

ADOPTION: IT WAS MOVED BY MR. YEE, SECONDED BY MS. PALAMOUNTAIN, AND UNANIMOUSLY CARRIED (MR. DUNLOP AND MR. ROMERO ABSENT) THAT ITEM 4 (g) RESOLUTION NO. 167-2002, AUTHORIZING A SECOND AMENDMENT TO THE OWNER PARTICIPATION AGREEMENT WITH TENANTS AND OWNERS DEVELOPMENT CORPORATION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION TO REVISE THE SCHEDULE OF PERFORMANCE AND OTHER TECHNICAL CHANGES FOR THE MIXED-USE, LOW INCOME SENIOR DEVELOPMENT AT 827 HOWARD STREET; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MR. YEE, SECONDED BY MR. SINGH, AND UNANIMOUSLY CARRIED (MR. DUNLOP AND MR. ROMERO ABSENT) THAT ITEM 4 (h) RESOLUTION NO. 168-2002, AUTHORIZING A FIRST AMENDMENT TO THE COMMERCIAL LOAN AGREEMENT WITH TENANTS AND OWNERS DEVELOPMENT CORPORATION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, TO REDUCE THE LOAN AMOUNT BY \$393,000 TO AN ADJUSTED AMOUNT NOT TO EXCEED \$986,000, FOR THE RETAIL/INSTITUTIONAL COMPONENT OF THE MIXED-USE LOW INCOME SENIOR HOUSING DEVELOPMENT, 827 HOWARD STREET; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MR. SINGH, SECONDED BY MR. YEE, AND UNANIMOUSLY CARRIED (MR. DUNLOP AND MR. ROMERO ABSENT) THAT ITEM 4 (i) RESOLUTION NO. 169-2002, AUTHORIZING A GRANT AGREEMENT WITH TENANTS AND OWNERS DEVELOPMENT CORPORATION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, IN AN AMOUNT NOT TO EXCEED \$1,014,000, FOR THE RE-LANDSCAPING OF THE COMMON AREA ADJACENT TO THE CLEMENTINA TOWERS, 320 CLEMENTINA STREET; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- 4 (j) Resolution No. 170-2002, Authorizing a Personal Services Contract with KTB Realty Partners, Inc., a California corporation, and Ella Hill Hutch Hill Community Center, a California non profit corporation, as joint venturers, in an amount not to exceed \$405,166 for a three-year term, and subject to the availability of funds, to provide streetscape maintenance and related services on Fillmore Street, in the Western Addition Approved Redevelopment Project Area A-2

Presenters: Isabella Wong (Agency staff), Mary McCue, Herman Clark (KTB), Robert Hector, Sharon Alford (Ella Hill Hutch)

Speakers: Adrienne Brown-Edington, Mary Helen Rogers, Essie Collins, Carmen Johnson

Commissioner Singh stated that the streetscape maintenance was a good program and put forth a motion to adopt item 4 (j). Mr. Singh asked how often would they do the steam cleaning and how many people would be trained. Mr. Singh commended Executive Director Marcia Rosen for being proactive in noticing the dirty streets and urged KTB and Ella Hill Hutch to hire from the local community.

Mr. Herman Clark of KTB responded that initially, they would power-wash and steam clean the sidewalks twice to remove the accumulated debris and then regularly steam clean on a monthly basis. Mr. Clark was not certain as to the number of people that would be trained but would provide the information when it became available. Mr. Clark assured the Commission that KTB and Ella Hill Hutch would hire from the community.

Commissioner Yee remarked that credit should be given where credit was due and in the case of the lower Fillmore, everyone should give credit to the Agency's Executive Director for her diligence in bringing to the Commission's attention the dirty streets and sidewalks on Fillmore Street. Mr. Yee suggested that Executive Director Marcia Rosen should visit other areas in the City so that similar clean-up programs could be implemented. Mr. Yee shared that he had known KTB Realty Partners for a long time, in

particular Mr. Herman Clark whom he knew when he was with the Police Department. Mr. Yee was impressed with the exciting program to clean up Fillmore Street and urged the staff and KTB to pay close attention to Carmen Johnson's statements about local hiring and outreach efforts to the community. Mr. Yee thanked Executive Director Rosen for her attentiveness and felt that with her hands-on approach, the whole City would be cleaned-up in no time. Mr. Yee seconded Commissioner Singh's motion to adopt item 4 (j).

Commissioner King stated that he was not initially going to support the item because even though he agreed that the area was filthy and dirty and in need of attention, he was dismayed that Ella Hill Hutch did not consult with leaders of the Western Addition community, people like Mary Rogers, Essie Collins and Carmen Johnson. Mr. King expressed that he was disturbed to hear that community leaders were not contacted about the program and admonished Ella Hill Hutch and KTB to hold a public meeting in the community and suggested to hold the meeting at the police station. Mr. King stated that the Commission would vote for the proposed contract but cautioned the contractors to work with the community leaders.

ADOPTION: IT WAS MOVED BY MR. SINGH, SECONDED BY MR. YEE, AND UNANIMOUSLY CARRIED (MR. DUNLOP AND MR. ROMERO ABSENT) THAT ITEM 4 (j) RESOLUTION NO. 170-2002, AUTHORIZING A PERSONAL SERVICES CONTRACT WITH KTB REALTY PARTNERS, INC., A CALIFORNIA CORPORATION, AND ELLA HILL HUTCH HILL COMMUNITY CENTER, A CALIFORNIA NON PROFIT CORPORATION, AS JOINT VENTURERS, IN AN AMOUNT NOT TO EXCEED \$405,166 FOR A THREE-YEAR TERM, AND SUBJECT TO THE AVAILABILITY OF FUNDS, TO PROVIDE STREETScape MAINTENANCE AND RELATED SERVICES ON FILLMORE STREET, IN THE WESTERN ADDITION APPROVED REDEVELOPMENT PROJECT AREA A-2, BE ADOPTED.

- 4 (k) Resolution No. 171-2002, Approving a Fiscal Year 2002-2003 Budget for the Bayview Hunters Point Project Area Committee in an amount not to exceed \$191,286 for administrative and operations costs: Hunters Point Redevelopment Project Area and Bayview Hunters Point Redevelopment Survey Area

Presenters: Gaynell Armstrong (Agency staff)

Speakers: Ollie M. Burgess, Rev. Cordell Hawkins, Michael Hamman,
Angelo P. King

Commissioner Yee inquired about the other citizens' group in the Bayview in addition to the Project Area Committee. Mr. Yee asked about the insurance and office security line item in the proposed PAC budget and believed that the amount should be higher than \$1,000.00.

Ms. Gaynell Armstrong responded that the other citizens' group was the Citizens' Advisory Committee for the Hunters Point Shipyard Redevelopment Project. Ms. Armstrong explained that the Southeast Community Facility covered the insurance and office security for the PAC office where the PAC office was located, but \$1,000 was allocated as a contingency should the PAC need additional insurance and office security.

Commissioner Palamountain thanked the members of the PAC for coming to the meeting and looked forward to their advice to the Commission in the coming year. Ms. Palamountain commended Ms. Armstrong for her usual excellent presentation.

Commissioner Yee asked for the number of PAC members and how often it met.

Ms. Armstrong informed the Commission that there were 21 members with one vacancy and there was the recent appointment of Devin Richardson who also worked at the Mayor's Office of Homelessness. The PAC had five standing committees as well as the full PAC who met monthly.

ADOPTION: IT WAS MOVED BY MR. YEE, SECONDED BY MR. SINGH, AND UNANIMOUSLY CARRIED (MR. DUNLOP AND MR. ROMERO ABSENT) THAT ITEM 4 (k) RESOLUTION NO. 171-2002, APPROVING A FISCAL YEAR 2002-2003 BUDGET FOR THE BAYVIEW HUNTERS POINT PROJECT AREA COMMITTEE IN AN AMOUNT NOT TO EXCEED \$191,286 FOR ADMINISTRATIVE AND OPERATIONS COSTS: HUNTERS POINT REDEVELOPMENT PROJECT AREA AND BAYVIEW HUNTERS POINT REDEVELOPMENT SURVEY AREA, BE ADOPTED.

5. MATTERS NOT APPEARING ON THE AGENDA None.
6. PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA, BUT AGENCY RELATED MATTERS None.
7. REPORT OF THE PRESIDENT None.

8. REPORT OF THE EXECUTIVE DIRECTOR

- Groundbreaking on October 1st at 3:00 p.m. for the 827 Howard Street Project – project to be named as the Eugene Coleman Community House after Mr. Coleman who is the Deputy Director for the Mayor's Office of Community Development to honor his many years of service to the South of Market community and the City.
- Progress report regarding proposed bridge between Candlestick and Hunters Point Shipyard – Agency had executed a Memorandum of Understanding with the Department of Public Works and funding for the planning activities had been obligated through the Federal Transportation Equity Act funding. Supervisor Sophie Maxwell and the Mayor's Office to introduce a Board of Supervisors resolution on September 30th to accept and expend the \$7.8 million grant.
- Board of Supervisors' Finance Committee meeting on October 2nd to consider funding of the proposed public library in Mission Bay.
- Funding allocations from two State agencies for Agency and/or City sponsored housing development projects: (1) California Debt Limit Allocation Committee awarded \$44 million of bonds for the Derek Silva, Leland Polk and Mission Creek housing developments sponsored by the Agency, and \$33.5 million for 98 units at Folsom and Dory, and 101 units at Carter Terrace Apartments in Visitacion Valley sponsored by the Mayor's Office of Housing. The Tax Credit Allocation Committee awarded tax credits for the Dudley Apartments on Sixth Street amounting to \$5 million in tax credit investor equity, and also for the Asian Inc. apartment development at 421 Turk Street with 29 units of family housing sponsored by the Mayor's Office of Housing.

9. COMMISSIONERS QUESTIONS AND MATTERS

- Commissioner Singh commended President Sexton for doing a great job as the chair.
- Commissioner Yee inquired about the funding of the KTB and Ella Hill Hutch contract that the Commission authorized and asked for clarification regarding the term and funding of the contract.

Executive Director Rosen explained that the resolution adopted by the Commission authorized a three-year contract with funding not to exceed \$405, 166, subject to availability of funds because staff did not have funding authority for the additional years, which would be subject to annual budget allocations. Ms. Rosen added that staff would seek the Commission's funding authority in subsequent budget years and informed the Commission that funds were available in the current budget to fund the first year contract.

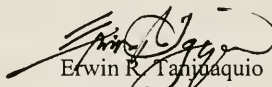
10. CLOSED SESSION:

- (a) Pursuant to Government Code § 54956.8 to instruct the Agency's real property negotiators in furtherance of the Exclusive Negotiations Agreement with Lennar BVHP Partners, LLC for Hunters Point Shipyard. Agency/City negotiators: Marcia Rosen, Don Capobres, Joanne Sakai, Gaynell Armstrong, Jesse Blout (MOED) and Michael Cohen (Office of the City Attorney).

11. ADJOURNMENT

It was moved by Ms. Palamountain, seconded by Mr. Yee, and unanimously carried that the meeting be adjourned. The meeting adjourned at 6:35 p.m.

Respectfully submitted,



Erwin R. Taninaquio
Agency Secretary

APPROVED:

November 12, 2002

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
8TH DAY OF OCTOBER 2002

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 4:00p.m. on the 8th day of October 2002, at the place and date duly established for holding of such a meeting.

President Michelle W. Sexton called the meeting to order at 4:00 p.m. Ms. Sexton welcomed members of the public and asked that cell phones and pagers be turned off during the meeting.

1. **RECOGNITION OF A QUORUM**

The Commission Secretary announced the presence of a quorum with the following Commissioners present.

Michelle W. Sexton, President
Ms. Palamountain, Vice-President
Mark Dunlop
Leroy King (arrived @ 4:15 p.m.)
Mr. Romero
Darshan Singh (arrived @ 4:05 p.m.)
Benny Y. Yee (arrived @ 4:15 p.m.)

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Marcia Rosen, Executive Director and staff members were also present.

2. **REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY.** None.

3. **MATTERS OF UNFINISHED BUSINESS:** None.

4. **MATTERS OF NEW BUSINESS:**

CONSENT AGENDA

4 (a) Approval of Minutes: Meetings of August 13, 2002

- 4 (b) Resolution No. 172-2002, Authorizing a Third Amendment to a Loan Agreement with Conard Housing Development Corporation, a California nonprofit public benefit corporation revising the budget and extending the completion schedule for the rehabilitation of 16 beds of extremely low income rental housing at 3327-3331 26th Street; Citywide Tax Increment Housing Program

ADOPTION: IT WAS MOVED BY MR. DUNLOP, SECONDED BY MS. PALAMOUNTAIN, AND UNANIMOUSLY CARRIED THAT CONSENT AGENDA ITEMS 4 (a) APPROVAL OF MINUTES: MEETINGS OF AUGUST 13, 2002 AND 4 (b) RESOLUTION NO. 172-2002, AUTHORIZING A THIRD AMENDMENT TO A LOAN AGREEMENT WITH CONARD HOUSING DEVELOPMENT CORPORATION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION REVISING THE BUDGET AND EXTENDING THE COMPLETION SCHEDULE FOR THE REHABILITATION OF 16 BEDS OF EXTREMELY LOW INCOME RENTAL HOUSING AT 3327-3331 26TH STREET; CITYWIDE TAX INCREMENT HOUSING PROGRAM, BE ADOPTED.

At this time, Commissioner Dunlop put forth a motion to take Item 6: Persons Wishing to Address the Members on Non-Agenda but Agency Related Matters, before the Regular Agenda to accommodate the large number of people wishing to address the Commission.

MOTION: IT WAS MOVED BY MR. DUNLOP, SECONDED BY MS. PALAMOUNTAIN, AND UNANIMOUSLY CARRIED (MR. KING, MR. SINGH AND MR. YEE ABSENT) THAT THE COMMISSION DISCUSS ITEM 6 ON THE AGENDA BEFORE THE REGULAR AGENDA.

6. **PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA, BUT AGENCY RELATED MATTERS**

- Wilma Parker, Randy Shaw, Joanna Hagerty, Mark Ellinger, Mahendra Dave, Sam Dodge, Ana Bolton-Arguello, Delphine Brody, Briann Egg, Ashok Bhatt, Bob Britton, Angus McCarthy, Dipak Patel, Sam Patel, Sam Sinh, Richard Marquez

NOTE: All of the speakers above addressed the Commission on the Tenderloin Housing Clinic Report, except for Mr. Bob Britton.

REGULAR AGENDA

- 4 (c) Resolution No. 173-2002, Authorizing the Issuance of Lease Revenue Refunding Bonds, Series 2002 (George R. Moscone Convention Center), the Execution and Delivery of a Second Supplemental Trust Agreement, a Third Amendment to Project Lease and Lease Certificate and First Amendment to Refunding Escrow Agreement, and Authorizing and directing certain related actions; Yerba Buena Center Redevelopment Project Area

Presenters: Mario Menchini (Agency staff)

ADOPTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. DUNLOP, AND UNANIMOUSLY CARRIED THAT ITEM 4 (c) RESOLUTION NO. 173-2002, AUTHORIZING THE ISSUANCE OF LEASE REVENUE REFUNDING BONDS, SERIES 2002 (GEORGE R. MOSCONE CONVENTION CENTER), THE EXECUTION AND DELIVERY OF A SECOND SUPPLEMENTAL TRUST AGREEMENT, A THIRD AMENDMENT TO PROJECT LEASE AND LEASE CERTIFICATE AND FIRST AMENDMENT TO REFUNDING ESCROW AGREEMENT, AND AUTHORIZING AND DIRECTING CERTAIN RELATED ACTIONS; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

Items 4 (d) and (e) were presented together and acted upon separately.

- 4 (d) Resolution No. 174-2002, Authorizing the Issuance of Variable Rate Revenue Bonds for Community Facilities District No. 4 (Mission Bay North Public Improvements) in an amount not to exceed \$23,440,000, approving and directing the Execution of a First Supplemental Indenture of Trust, a supplement No. 1 to acquisition agreement, a Bond purchase contract and approving other related documents and actions; Mission Bay North Redevelopment Project Area
- 4 (e) Resolution No. 175-2002, Authorizing the Issuance of Special Tax Bonds for Community Facilities District No. 6 (Mission Bay South Public Improvements) in an amount not to exceed \$39,330,000; Approving and Directing the Execution of a First Supplement No. 1 to acquisition Agreement, a Bond Purchase Agreement and other related documents and actions; Mission Bay South Redevelopment Project Area

Presenters: Mario Menchini (Agency staff)

Speakers: Charlie Walker, Derek Smith

Commissioner King expressed concerns regarding the testimony from Mr. Charlie Walker and Mr. Derek Smith about Marinship still not being paid by Catellus and recalled that the non-payment matter was first brought to the Commission's attention about a month and a half ago. At that time, the Agency's Contract Compliance Manager, Chris Iglesias, assured the Commission that the matter would be looked into and resolved and payments made to Marinship. Now, Mr. Derek Smith reported that he had not received the total payments due to his company. Mr. King stated that he would not vote for the items until Marinship was paid what it was owed and urged the Commission to not vote for the issuance of the Mission Bay bonds.

Commissioner Dunlop agreed with Commissioner King and remarked that the Agency Commission should have some influence over Catellus to resolve the non-payment issue, and if the Commission did not approve the bond items, maybe Catellus would pay Marinship and the other sub-contractors.

Commissioner Yee was very disturbed to hear that a small African-American owned contractor had not been paid by a big developer like Catellus and requested an explanation from the Executive Director. Mr. Yee asserted that there was no law regarding the percentage of retention fees and stated that he felt that the 10 % retention fee was on the high side. He asked if there were disputes about the change orders.

Executive Director Marcia Rosen responded that an informational memorandum had been provided to the Commission regarding the matter and added that she understood that the relationship was between the sub-contractor, Marinship, and Catellus' general contractor, Granite Construction and that payments had been made to Granite. Ms. Rosen asked Mr. Chris Iglesias to provide additional details on the matter.

Mr. Chris Iglesias referred the Commission to two previous informational memoranda explaining the very complex infrastructure work in Mission Bay that has resulted in numerous change orders. Agency staff had Catellus' commitment to process the change order payments in a timely manner. Catellus met regularly with the staff and the Mayor's Office and was releasing payments to its general contractor as expeditiously as it could.

Mr. Eric Harrison of Catellus explained that its contract was with Granite Construction as the prime contractor and that Marinship was a sub-contractor to Granite Construction and payments were made from invoices submitted by Granite Construction and then paid to its sub-contractors. Mr. Harrison stated that its agreement with its contractors was a 10% retention fee and there were no disputes about the change orders, but Catellus needed the time to review the proposed change orders before it could release the

payments. To date, Catellus had made advance payments in the amount of \$385,000 to cover change orders through July 2002 and there was still \$360,000 in outstanding change orders that were to be paid at the end of October. Mr. Harrison informed the Commission that he had personally worked with and would continue to work with Mr. Derek Smith (of Marinship) to bring the payments up to date.

Commissioner Yee believed that Catellus was an outstanding company, but pointed out that small minority contractors could not wait for an extended period of time and hoped that something could be done to help out the sub-contractors.

Commissioner Palamountain commended Derek Smith (Marinship), Eric Harrison (Catellus) and Chris Iglesias (Agency staff) for working together to resolve the non-payment issue. Ms. Palamountain addressed the following questions to Mr. Chris Iglesias: (1) what progress had been made with the change order issue, (2) what was the possibility of instituting a policy that was more sensitive to small contractors who operated with thinner margins, and (3) what was Catellus' M/WBE participation.

Mr. Chris Iglesias informed the Commission that Catellus had hired additional staff to expedite processing of the change orders and has met with six of the sub-contractors involved with the majority of the change orders along with Granite Construction to discuss ways of expediting review and payment of the change orders. The Agency, the Mayor's Office and Catellus have agreed to expedite change orders that were \$5,000 or less to help expedite payments to the sub-contractors. Mr. Iglesias indicated that the Agency and the Mayor's Office continued to work with Catellus on the issue of processing payments for the change orders in a timely manner and would explore the idea of policies to prevent the problem from occurring. Mr. Iglesias informed the Commission that Catellus' M/WBE participation was at the 31% level and had been proactive with their general contractor in complying with the Agency's Equal Employment Opportunity program.

Commissioner Palamountain addressed the following questions to Mr. Eric Harrison: (1) did Catellus have any ideas or suggestions of making the Equal Employment Opportunity policy more successful, particularly for small minority contractors, (2) was there any possibility of moving up the small minority contractors from the payment queue, and (3) how did Catellus use its discretion with the general contractor with regard to the payment of its sub-contractors.

Mr. Eric Harrison of Catellus responded that he would be willing to explore ideas of improving the system, but pointed out that Catellus' relationship was with the general contractor who had direct responsibility with its sub-contractors and he did not have a lot of knowledge with regard to the

relationship between the general contractor and its sub-contractors. Mr. Harrison stated that he could not speak for the general contractor with regard to payments to sub-contractors out of the payment queue and that was between the general contractor and its sub-contractors. Mr. Harrison committed to working with Agency staff and the Mayor's Office to explore the ideas with the general contractor. Mr. Harrison explained that Catellus had limited discretion with regard to paying the sub-contractors because the general contractor had to exercise some parity in dealing with its sub-contractors and to the extent that Catellus was made aware of a hardship situation, it could facilitate discussion and resolution. Mr. Harrison stated that Catellus tried to be as responsible and fair to its general contractor because the general contractor had a lot of responsibility as the work flowed to its sub-contractors.

Commissioner Palamountain questioned Mr. Derek Smith regarding the change order amounts and asked Mr. Smith for ideas of preventing such a situation in the future.

Mr. Derek Smith suggested that change order work that had been completed should be paid as soon as possible instead of waiting for months and to create a system whereby the payment processing time was expedited.

Commissioner Palamountain asked Mr. Ashur Yoseph from the Mayor's Office of Economic Development (MOED) to shed some light into the discussion and to provide the Commission with an update.

Mr. Ashur Yoseph, MOED Project Manager for Mission Bay, stated that his office had been working closely with Catellus and Agency staff and wished that Commissioner Yee had not suggested reducing the 10% retention fee because the City had negotiated the 10% retention fee with Catellus as a matter of public policy on a very massive development project. Mr. Yoseph informed the Commission that the general contractor had been paid for all of the work that had been done, and although the project costs were three million dollars more than originally estimated, the project was on schedule. Mr. Yoseph explained that the City's Department of Public Works, Bureau of Construction Management was in charge of the day-to-day field work, and it was the entity that reviewed and signed-off on all of the change orders submitted by Catellus. Catellus was to be reimbursed by the City for all of the infrastructure work in Mission Bay, and it was important for the City to be diligent in its review of the major change orders submitted by Catellus. The bonds before the Commission were to pay for the anticipated additional infrastructure work. The Department of Public Works audited all of the change orders submitted by Catellus, and the review and verification process was a long and very complicated process involving a lot of man hours from all sides. Mr. Yoseph acknowledged that the Mayor's Office, Catellus and the Agency were a little late in addressing the non-payment issue, but have

been working steadily with the parties to help expedite payments and resolve the issue. Mr. Yoseph assured the Commission that the Mayor's Office would continue to work and explore ideas with Catellus and Agency staff to improve the system, but that the City and Catellus collectively were trying their best to resolve the issues.

Commissioner Romero stated that it appeared like everyone involved was working together to help solve the problem and that Catellus continued to be responsive consistent with its good track record with the Agency. Mr. Romero asked what would the impact be if the Commission delayed action on the bond issuances.

Executive Director Rosen responded that a one or two week delay would not have an immediate impact because there were still funds available to continue the work on the infrastructure, but pointed out that the matter regarding the non-payment of the sub-contractor Marinship, would not be completely resolved in the short-time period.

Mr. Mario Menchini of the Agency's finance staff added that there could be an issue with the timing of issuing the Agency's bonds because the State of California was scheduled to issue power bonds in the amount of \$12 billion in early November and it would be advantageous to the Agency to sell its bonds before that the State sold its massive power bonds. The Agency's bond underwriter, Mr. Tom Walker and Lester Lennon agreed with Mr. Menchini's assessment.

Commissioner Romero was satisfied that everyone was doing their best to help resolve the non-payment issue and encouraged the Mayor's Office, Agency staff and Catellus to continue their efforts. Mr. Romero put forth a motion to adopt item 4 (d).

Commissioner Yee reiterated that there was no State law governing the percentage of retention fees assessed to developers or contractors. Mr. Yee expressed concerns with non-payment of small minority contractors because it could cause them to go out of business and that was not acceptable. Mr. Yee stated that he would not vote for the items until such time as Catellus could assure the Commission that the problem would be resolved and Marinship paid for its work.

Commissioner King stated that after hearing the discussion about the situation, he changed his mind and would vote for the bond items because he felt that Catellus showed the commitment to resolve the issue and urged all parties involved to continue to work together so that minority contractors have the opportunity to succeed. Mr. King agreed that it was important for the Agency to be able to sell its bonds and take advantage of the opportunity

to have funds available in order to continue the necessary work in completing Mission Bay.

Commissioner Singh expressed that he was satisfied with the explanation provided by staff, Catellus and the Mayor's Office and stated that he wanted to ensure that all minority businesses had to opportunity to participate, in particular East-Indian contractors. Mr. Singh asked about the bond rates and underwriters' fees for the Mission Bay bonds.

Mr. Menchini informed the Commission that the bond rates were 5.80 and 1.60 for Mission Bay North and South, respectively. The bond underwriters' fees were \$1.75 net of expenses for every \$1,000 of bonds or \$41,000 for Mission Bay North and \$5.75 net of expenses for every \$1,000 of bonds or \$225,000 for Mission Bay South. Mr. Menchini explained that the reason for the higher fees for Mission Bay South was because the bonds were un-rated debt, which required the bond underwriters to search for buyers, unlike the variable rates for the Mission Bay North bonds.

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MR. KING, THAT ITEM 4 (d) RESOLUTION NO. 174-2002, AUTHORIZING THE ISSUANCE OF VARIABLE RATE REVENUE BONDS FOR COMMUNITY FACILITIES DISTRICT NO. 4 (MISSION BAY NORTH PUBLIC IMPROVEMENTS) IN AN AMOUNT NOT TO EXCEED \$23,440,000, APPROVING AND DIRECTING THE EXECUTION OF A FIRST SUPPLEMENTAL INDENTURE OF TRUST, A SUPPLEMENT NO. 1 TO ACQUISITION AGREEMENT, A BOND PURCHASE CONTRACT AND APPROVING OTHER RELATED DOCUMENTS AND ACTIONS; MISSION BAY NORTH REDEVELOPMENT PROJECT AREA, BE ADOPTED AND ON ROLL CALL THE FOLLOWING VOTED "AYE":

Mr. Dunlop
Mr. King
Ms. Palamountain
Mr. Romero
Mr. Singh
Ms. Sexton

AND THE FOLLOWING VOTED "NAY":

Mr. Yee

THE SECRETARY DECLARED THE RESULTS OF THE ROLL CALL VOTE, SIX (6) AYES AND ONE (1) NAY.

THE PRESIDENT THEREUPON DECLARED THAT RESOLUTION NO. 174-2002 WAS ADOPTED.

ADOPTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. ROMERO, THAT ITEM 4 (e) RESOLUTION NO. 175-2002, AUTHORIZING THE ISSUANCE OF SPECIAL TAX BONDS FOR COMMUNITY FACILITIES DISTRICT NO. 6 (MISSION BAY SOUTH PUBLIC IMPROVEMENTS) IN AN AMOUNT NOT TO EXCEED \$39,330,000; APPROVING AND DIRECTING THE EXECUTION OF A FIRST SUPPLEMENT NO. 1 TO ACQUISITION AGREEMENT, A BOND PURCHASE AGREEMENT AND OTHER RELATED DOCUMENTS AND ACTIONS; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA, BE ADOPTED AND ON ROLL CALL, THE FOLLOWING VOTED "AYE":

Mr. Dunlop
Mr. King
Ms. Palamountain
Mr. Romero
Mr. Singh
Ms. Sexton

AND THE FOLLOWING VOTED "NAY":

Mr. Yee

THE SECRETARY DECLARED THE RESULTS OF THE ROLL CALL VOTE, SIX (6) AYES AND ONE (1) NAY.

THE PRESIDENT THEREUPON DECLARED THAT RESOLUTION NO. 175-2002 WAS ADOPTED.

- 4 (f) Resolution No. 176-2002, Authorizing a Second Amendment to the Grant and Regulatory Agreement in an amount not to exceed \$127,626 for a total aggregate amount of \$1,957,626 with Mercy Housing California X, a California limited partnership, for certain costs in connection with the rehabilitation of the Rose Hotel at 125 Sixth Street (6th and Minna Streets); South of Market Earthquake Recovery Redevelopment Project Area

Presenters: Michelle Davis (Agency staff)

Commissioner Dunlop put forth a motion to adopt item 4 (f).

Commissioner Singh asked how old the elevator was and how much money had been spent for the building.

Mr. Bob Pritiman from Mercy Housing responded that the building was built in 1911 and was first rehabilitated about 25 years ago and in 1995, only the elevator carriage was replaced and not the hydraulic shaft, which was deemed operable at that time. There was a grant in the amount of \$1,830,000 that had been spent on the building.

Commissioner Singh seconded Commissioner Dunlop's motion to adopt item 4 (f).

ADOPTION: IT WAS MOVED BY MR. DUNLOP, SECONDED BY MR. SINGH, AND UNANIMOUSLY CARRIED THAT ITEM 4 (f) RESOLUTION NO. 176-2002, AUTHORIZING A SECOND AMENDMENT TO THE GRANT AND REGULATORY AGREEMENT IN AN AMOUNT NOT TO EXCEED \$127,626 FOR A TOTAL AGGREGATE AMOUNT OF \$1,957,626 WITH MERCY HOUSING CALIFORNIA X, A CALIFORNIA LIMITED PARTNERSHIP, FOR CERTAIN COSTS IN CONNECTION WITH THE REHABILITATION OF THE ROSE HOTEL AT 125 SIXTH STREET (6TH AND MINNA STREETS); SOUTH OF MARKET EARTHQUAKE RECOVERY REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- 4 (g) Workshop on Fillmore Jazz Preservation District - Update on Fillmore Streetscape project, Maintenance program, Marketing, Promotions and related matters; Western Addition Redevelopment Project Area A-2

Presenters: Shirley Wysinger, Don Capobres (Agency staff)

Speakers: Michael Johnson, Sam Seibaa, Agonafer Shiferaw, Carmen Johnson, Essie Collins, Adrienne Brown-Edington, Bobby Webb

Commissioner Singh inquired as to the function of the person or persons that would run the proposed promotions office. Mr. Singh asked about Mr. Agonafer Shiferaw's statements that his jazz club was the only one that was established with the Agency's \$5 million jazz preservation program.

Mr. Don Capobres explained that staff envisioned the person for the promotions office to work fulltime to promote the district, organize the activities in the Fillmore and work with the merchants and community stakeholders.

Ms. Shirley Wysinger added that the proposed promotions office in the Fillmore was likened to the program in the Yerba Buena Gardens where one person or firm was responsible to program and promote the Gardens throughout the City and the same was desired for the Fillmore district. Ms.

Wysinger informed the Commission that in addition to the Rasselas Jazz Club, there were other venues like the Fillmore Auditorium and the Boom-Boom Room that have been in existence and were in need of coordination and promotion.

Commissioner King pointed out that a million and a half dollars had been expended by the Agency to promote the Fillmore Jazz District in Fillmore including half a million dollars to Jim Jefferson to do the same thing that staff was proposing and to date, there were no results. Mr. King opined that there was no need to hire anyone to promote the area, and what was needed was someone from the Agency staff to work and promote Fillmore as part of the Agency's overall work in the community. Mr. King stated that long-time Agency staff like Isabella Wong as well as the Project Manager, Shirley Wysinger knew the area well enough and should be given more time to work on promoting the area and meet with the merchants and community leaders. Mr. King believed that Agency staff could work the Agency's own program without hiring an outsider to promote the Fillmore district.

Commissioner Dunlop thanked staff for an enlightening and thorough presentation and took to heart Mr. Shiferaw's comments about errors made in the Jazz Preservation District, but offered that the Agency was working toward correcting the mistakes and moving forward to promote the Fillmore district. Mr. Dunlop was supportive of the promotions office idea and felt that such a promotions office would bring focus to the area and highlight the potential of the district and remarked that the Agency had witnessed what an Anita Hill in Yerba Buena Gardens could do to promote the Gardens and the same thing would work in the Fillmore.

Commissioner Palamountain stated that in the past couple of months, she had observed progress in the activities in the Fillmore and attributed that to the hard work of staff, in particular, the leadership of the Executive Director in focusing staff resources to the Fillmore area. Ms. Palamountain credited the surge in activities to the energy from the community who came to Commission meetings every week to let the Commission know what they wanted and what the problems were. The creativity from the young people of Western Addition was an inspiration to the Agency and was a testament to the broader community's commitment to work with the Agency. Ms. Palamountain looked forward to hearing about the community workshop on the promotions office and suggested that a community brainstorm of ideas take place and share the list of ideas with the Commission. Ms. Palamountain agreed with Mr. Shiferaw that the Agency and the community had a long way to go, but acknowledged the many successes that the Agency and the community had in the community. Ms. Palamountain pointed out that the Agency's ability to utilize tax increment monies in Western Addition would expire in 2004 and the redevelopment plan was to expire in 2009 and was glad to see the efforts to move forward with

promoting the Fillmore before those dates. Ms. Palamountain requested a monthly report from staff and advised staff that the report should not reiterate past successes in the area, but to be more specific as to the following activities in the Fillmore: (1) the street maintenance district, (2) the business assistance program, (3) the enforcement of land disposition agreement provisions, (4) Parcel 732-A progress, (5) the MUNI substation, and (6) the promotions office. Ms. Palamountain reiterated that she did not want to see the Agency's plans for the future, rather what the Agency had done in the past month and what it planned to do in the next month. Ms. Palamountain took to heart Commissioner King's concerns about staffing the promotions office, but was excited about the promotions office idea because she felt it provided an opportunity for someone outside of the Agency to work hand-in-hand with the community to promote the Fillmore. Ms. Palamountain encouraged anyone who was interested in the job to respond to the RFQ.

Commissioner Yee acknowledged that the Agency had a very short time in which to utilize tax increment financing in the Western Addition and liked Commissioner Palamountain's idea of a monthly report on the activities in the Fillmore. Mr. Yee observed that the Agency had invested millions of dollars in the area and only achieved limited success. Mr. Yee agreed with one of the members of the public that testified who suggested that the Agency offer six months of free rent to attract businesses to the Fillmore and Mr. Yee further suggested to offer a full year of free rent as an incentive to businesses to locate in the Fillmore and asked staff to look into that idea. Mr. Yee heard from the public's testimony that there were two merchants association in the Fillmore and asked the Executive Director if she was aware of that.

Executive Director Rosen responded that she heard the same testimony as the Commissioners and had not been aware that there were two associations.

Commissioner Yee suggested that the merchants and community leaders unify and form one association to be more effective when appearing before the Commission. Mr. Yee was happy to see the community come out and informed the public that the Commission was glad to help in any way it could.

5. **MATTERS NOT APPEARING ON THE AGENDA** None.

7. **REPORT OF THE PRESIDENT**

- President Sexton requested that a staff analysis and response be prepared for the Tenderloin Housing Clinic's report on Sixth Street.

8. REPORT OF THE EXECUTIVE DIRECTOR

- Board of Supervisors approval of the sale agreement for the Mission Bay branch public library on October 7th.
- Court of Appeals voted on September 30th to uphold the Superior Court's ruling that the Agency and the City's action could stand regarding the case of the Bloomingdale's project – San Franciscans upholding the Downtown Plan versus the City and County of San Francisco and the Redevelopment Agency.
- Bayview Hunters Point Project Area Committee Outreach brochure (included in Commissioners' packets).

9. COMMISSIONERS QUESTIONS AND MATTERS

- Commissioner Dunlop suggested a workshop presentation on the report submitted by the Tenderloin Housing Clinic.
- President Sexton preferred that a written response be first prepared and then schedule a workshop.
- Commissioner Singh inquired about the funding for the proposed East Indian Community Center in South of Market.

Mr. Bill Carney informed the Commission that staff had budgeted for four community facilities in the South of Market including the East Indian Community Center, the Bayanihan Community Center, the health clinic and the youth center.

- Commissioner King wanted staff to give the Commission a date to hold the workshop regarding the report from the Tenderloin Housing Clinic.
- Commissioner Yee made a motion to have a workshop on either October 29th or November 12th. Without a second, Mr. Yee's motion died.

Executive Director Rosen assured the Commission that she, along with the President and Vice-President, would schedule the workshop at the soonest date available following staff's completion of the response to the Tenderloin Housing Clinic's report.

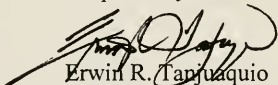
10. CLOSED SESSION:

- (a) Pursuant to Government Code § 54956(a): Conference with Legal Counsel regarding existing litigation: Armax Yerba Buena, LLC v. SFRA (Superior Court Case No. CGC-01-402761)
- (b) Pursuant to Government Code § 54957 on personnel matters: Annual public employee performance evaluation for the Executive Director

11. ADJOURNMENT

It was moved by Mr. Romero, seconded by Mr. Dunlop, and unanimously carried that the meeting be adjourned. The meeting adjourned at 10:35 p.m.

Respectfully submitted,


Erwin R. Tanjuaquio
Agency Secretary

APPROVED:

November 12, 2002

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
15TH DAY OF OCTOBER 2002

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 4:00p.m. on the 15th day of October 2002, at the place and date duly established for holding of such a meeting.

President Michelle W. Sexton called the meeting to order at 4:04 p.m. Ms. Sexton welcomed members of the public and asked that cell phones and pagers be turned off during the meeting.

1. **RECOGNITION OF A QUORUM**

The Commission Secretary announced the presence of a quorum with the following Commissioners present.

Michelle W. Sexton, President
Ms. Palamountain, Vice-President
Leroy King (departed @ 6:00 p.m.)
Mr. Romero
Darshan Singh
Benny Y. Yee (departed @ 6:00 p.m.)

DOCUMENTS DEPT.

And the following were absent:

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Mark Dunlop

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Marcia Rosen, Executive Director and staff members were also present.

2. **REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY.**

- (a) Pursuant to Government Code § 54956(a): Conference with Legal Counsel regarding existing litigation: Armax Yerba Buena, LLC v. SFRA (Superior Court Case No. CGC-01-402761)

Executive Director Rosen reported that the Commission met on a Closed Session Item 10 (a) on October 8, 2002 and by a vote of five to two, the Commission authorized the settlement of the existing litigation above. Armax was the developer of the Aurora property at 399 Fourth Street. The Agency

entered into a Disposition and Development Agreement (DDA) with Armax in February 1996. Under the DDA, Armax was required to obtain a full-service supermarket for a term of 25 years. A dispute arose between Armax and the Redevelopment Agency over the inclusion of certain provisions in a supermarket tenant lease and a timeline for each party to fulfill certain obligations under the DDA. Both Armax and the Agency brought suit seeking a declaration from the court as to whether the Agency could require these provisions to be included in a supermarket lease and to rule on whether either or both parties were in default under the DDA. The Commission authorized the Executive Director to execute a settlement and release agreement on the following terms and conditions: The Commission was to approve Armax's lease with Whole Foods without the inclusion of the minimum compensation and health care accountability policies. The Commission was to approve a seventh amendment to the DDA without inclusion of those policies. The Agency was to exchange the reverter deed to the entire property for a reverter deed to the commercial space only. The Agency was to issue a partial certificate of completion for the residential portion of the development. The Agency agreed to execute estoppel letters, which were representations to a lender as to the status of a project upon request for the purpose of refinancing. Each side was to execute mutual releases of all claims against the other side. Each side was to dismiss with prejudice all pending lawsuits. Each side was to bear their own attorneys' fees and costs and there was no payment of any settlement dollars by the Agency.

Commissioner King stated that he wanted to go on record that he voted against the settlement because the developer and the supermarket should comply with the City's requirements for minimum compensation and to provide health benefits to their employees. Mr. King opined that the Agency's legal staff and the Commission made a mistake in the settlement of the lawsuit.

Commissioner Yee voiced the same concerns as Commissioner King and informed the public that he also voted against the settlement of the lawsuit.

3. **MATTERS OF UNFINISHED BUSINESS:** None.

4. **MATTERS OF NEW BUSINESS:**

CONSENT AGENDA

4 (a) Approval of Minutes: Meeting of August 20, 2002

- 4 (b) Resolution No. 177-2002, Authorizing Martha Walters, Environmental Assessment Specialist, to attend the Brownfields 2002 Conference in Charlotte, North Carolina, from November 12-15 2002, at a cost not to exceed \$1,396
- 4 (c) Resolution No. 178-2002, Authorizing Olson Lee, Assistant Deputy Executive Director Housing Division, to attend the National Association of Local Housing Finance Agencies' (NALHFA) Fall Educational Conference on November 14-16, 2002 in New Orleans, Louisiana, at a cost not to exceed \$1,645

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MR. KING, AND UNANIMOUSLY CARRIED (MR. DUNLOP ABSENT) THAT CONSENT AGENDA ITEMS 4 (a) APPROVAL OF MINUTES: MEETING OF AUGUST 20, 2002, 4 (b) RESOLUTION NO. 177-2002, AUTHORIZING MARTHA WALTERS, ENVIRONMENTAL ASSESSMENT SPECIALIST, TO ATTEND THE BROWNFIELDS 2002 CONFERENCE IN CHARLOTTE, NORTH CAROLINA, FROM NOVEMBER 12-15 2002, AT A COST NOT TO EXCEED \$1,396, AND 4 (c) RESOLUTION NO. 178-2002, AUTHORIZING OLSON LEE, ASSISTANT DEPUTY EXECUTIVE DIRECTOR HOUSING DIVISION, TO ATTEND THE NATIONAL ASSOCIATION OF LOCAL HOUSING FINANCE AGENCIES' (NALHFA) FALL EDUCATIONAL CONFERENCE ON NOVEMBER 14-16, 2002 IN NEW ORLEANS, LOUISIANA, AT A COST NOT TO EXCEED \$1,645, BE ADOPTED.

REGULAR AGENDA

- 4 (d) Resolution No. 179-2002, Authorizing Execution of Personal Services Contracts with firms listed on a panel of Real Estate Economics Firms for Consulting Services for a three-year period in a total aggregate amount not to exceed \$955,000 on an as-needed basis and subject to the availability of funds; all Redevelopment Project Areas and Survey Areas

Presenters: Judy Eng (Agency staff)

Commissioner Singh asked how the consulting firms were selected and if they have worked with the Agency before. Mr. Singh asked if the firms on the panel would receive equal amounts of the contracts. Mr. Singh asked if the Agency did not have the in-house expertise among its staff for the services.

Ms. Judy Eng responded that a Request for Qualifications was issued and originally, there were 10 proposals that were submitted but one of the consulting firms withdrew its proposal and staff interviewed all nine firms

and was recommending them to the Commission. Ms. Eng added that most of the nine firms had prior work experience with the Agency and some that were still working under existing contracts. Ms. Eng stated that the first year budget was for \$355,000 and subsequent contract years would be subject to future budget allocations by the Commission.

Executive Director Rosen informed the Commission that the Agency resolution had a provision that no more than one-third of the budget would go to one firm, but staff would ensure that the work and budget was spread among the nine consulting firms for specific work products and their specialized skills. Ms. Rosen stated that the Agency had a lot professional expertise on staff and in most cases the consulting firms would assist staff and perform additional levels of analysis that staff either did not have the specialized skills nor the time to conduct in the course of their other work obligations.

Commissioner Singh put forth a motion to adopt item 4 (d).

Commissioner Yee noted that two of the nine consulting firms did not indicate where they were headquartered and asked where Porat Consulting and Seifel Consulting were headquartered.

Ms. Judy Eng informed the Commission that both Port and Seifel Consulting had their main offices in San Francisco.

Commissioner Yee recognized many of the firms and their qualifications and seconded Commissioner Singh's motion.

Commissioner King stated that he was opposed to giving three-year contracts to any firms, but would support the recommended panel this time. Mr. King cautioned the firms that he would be watching the minority participation especially for African-Americans.

ADOPTION: IT WAS MOVED BY MR. SINGH, SECONDED BY MR. YEE, AND UNANIMOUSLY CARRIED (MR. DUNLOP ABSENT) THAT ITEM 4 (d) RESOLUTION NO. 179-2002, AUTHORIZING EXECUTION OF PERSONAL SERVICES CONTRACTS WITH FIRMS LISTED ON A PANEL OF REAL ESTATE ECONOMICS FIRMS FOR CONSULTING SERVICES FOR A THREE-YEAR PERIOD IN A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$955,000 ON AN AS-NEEDED BASIS AND SUBJECT TO THE AVAILABILITY OF FUNDS; ALL REDEVELOPMENT PROJECT AREAS AND SURVEY AREAS, BE ADOPTED.

Items 4 (e) and 4 (f) were presented together and acted upon separately.

- 4 (e)** Resolution No. 180-2002, Authorizing a Third Amendment to the Architectural Agreement with Adele Naude Santos and Associates in an amount not to exceed \$10,000 for additional Architectural Services for the Children's Center, located on Central Block Three; Yerba Buena Center Redevelopment Project Area
- 4 (f)** Resolution No. 181-2002, Authorizing a First Amendment to the Construction Contract with Alten Construction Co. Inc., a California corporation to Extend the performance date, from July 16, 2002, to December 18, 2002, for the production and installation of exterior signage at the Children's Center at Yerba Buena Gardens on Central Block Three (Parcel CB-3); Yerba Buena Center Redevelopment Project Area

Presenters: Ted Maniatis (Agency staff)

Commissioner King stated that Ms. Adele Naude Santos had consistently done a good job and put forth a motion to adopt item 4 (e). Commissioner Singh seconded Commissioner King's motion.

Commissioner Yee commented that it was not good practice for the Agency to substitute the low responsible bidder with another contractor because it was the Agency's policy to award contracts to the low bidder for its projects and asked for clarification.

Executive Director Rosen responded that the Agency was recommending to replace a sub-contractor and not the prime or general contractor who was still the low bidder on the contract.

Commissioner Romero asked why the architectural contract required an additional \$10,000.

Mr. Ted Maniatis responded that the additional money was to pay for reimbursable expenses, additional time required to review three submittals for the sign and for the parapet along Folsom Street designed for sound attenuation.

Commissioner Palamountain stated that she would support the items and understood why staff did not invoke the liquidated damages provisions of the contract, but asked staff to pursue the Agency's rights under those provisions in the future.

Commissioner Singh requested that contractors with items before the Commission be present at the Commission meeting.

ADOPTION: IT WAS MOVED BY MR. KING, SECONDED BY MR. SINGH, AND UNANIMOUSLY CARRIED (MR. DUNLOP ABSENT) THAT ITEM 4 (e) RESOLUTION NO. 180-2002, AUTHORIZING A THIRD AMENDMENT TO THE ARCHITECTURAL AGREEMENT WITH ADELE NAUDE SANTOS AND ASSOCIATES IN AN AMOUNT NOT TO EXCEED \$10,000 FOR ADDITIONAL ARCHITECTURAL SERVICES FOR THE CHILDREN'S CENTER, LOCATED ON CENTRAL BLOCK THREE; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. SINGH, AND UNANIMOUSLY CARRIED (MR. DUNLOP ABSENT) THAT ITEM 4 (f) RESOLUTION NO. 181-2002, AUTHORIZING A FIRST AMENDMENT TO THE CONSTRUCTION CONTRACT WITH ALTEN CONSTRUCTION CO. INC., A CALIFORNIA CORPORATION TO EXTEND THE PERFORMANCE DATE, FROM JULY 16, 2002, TO DECEMBER 18, 2002, FOR THE PRODUCTION AND INSTALLATION OF EXTERIOR SIGNAGE AT THE CHILDREN'S CENTER AT YERBA BUENA GARDENS ON CENTRAL BLOCK THREE (PARCEL CB-3); YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- 4 (g) Resolution No. 182-2002, Authorizing Negotiations with Skidmore Owings & Merrill LLP for a Personal Services Contract to prepare a Design for Development document for the proposed Transbay Redevelopment Project Area; Transbay Survey Area

Presenters: David Habert (Agency staff), Don Kriken (SOM Architects)

Commissioner Yee remarked that SOM was an outstanding and well-known architectural firm and asked what the total estimated cost was for the Transbay Project.

Mr. David Habert responded that the Board of Supervisors had allocated \$500,000 for the preparation of the Design for Development document.

Executive Director Marcia Rosen clarified that the \$500,000 was just for the preparation of the Design for Development document, which was a set of urban design guidelines for the proposed Transbay redevelopment project.

Commissioner Palamountain recalled that since the Commission last discussed the Transbay project in April, she had heard news that the Federal government had withdrawn transportation funding for the Bay Area and asked for an update.

Ms. Maria Ayerdi of the Mayor's Office explained that Commissioner Palamountain was referring to the lawsuit brought against the Metropolitan Transportation Commission (MTC) regarding Federal transportation dollars, and MTC had put a freeze on the transportation funding while they iron out the details for transportation projects including Transbay and the Central Subway. Ms. Ayerdi added that recently the Federal Transportation Administration approved a Federal earmark that the City received through Congresswoman Pelosi in 1998 for a total of \$7.804 million. The grantee was the Municipal Railway, and the City would be able to use the money once the locally preferred alternative for Transbay was selected. Ms. Ayerdi informed the Commission that in addition to the Federal funding, there had also been State funding sources allocated to the project using bridge toll and State TPS monies and a State expenditure plan for next year would include the Transbay project.

Commissioner Palamountain asked how the firm of SOM was selected and why it ranked higher than the other architectural firms.

Mr. David Habert described the scoring and rating system used in the selection process and stated that SOM scored the highest in their organizational resources, overall experience with major transportation projects in other cities, experience in facilitating public workshops and its impressive facility with mid- and high-rise architecture and development.

Commissioner Palamountain stated that it would have been helpful to include the scoring and rating information in the memorandum and put forth a motion to adopt item 4 (g).

Commissioner Yee asked how many were in the selection panel and who they were.

Mr. David Habert responded that there were six people on the selection panel, four from Agency staff and two from the outside, Maria Ayerdi from the Mayor's Office and David Alumbaugh from the Planning Department.

Commissioner Romero stated that he would appreciate important details like the scoring and rating information to be included in Commission memoranda.

Commissioner Singh seconded Commissioner Palamountain's motion.

ADOPTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. SINGH, AND UNANIMOUSLY CARRIED (MR. DUNLOP ABSENT) THAT ITEM 4 (g), RESOLUTION NO. 182-2002, AUTHORIZING NEGOTIATIONS WITH SKIDMORE OWINGS & MERRILL LLP FOR A PERSONAL SERVICES CONTRACT TO PREPARE A DESIGN FOR DEVELOPMENT DOCUMENT FOR THE PROPOSED TRANSBAY REDEVELOPMENT PROJECT AREA; TRANSBAY SURVEY AREA BE ADOPTED.

5. MATTERS NOT APPEARING ON THE AGENDA None.
6. PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA, BUT AGENCY RELATED MATTERS
 - James Bryant
7. REPORT OF THE PRESIDENT None.
8. REPORT OF THE EXECUTIVE DIRECTOR
 - Community Appreciation Day sponsored by Fillmore Development Associates (Michael Johnson) on Saturday, November 2nd from noon to 2:00 p.m. at Fillmore and Eddy Streets (Parcel 732-A).
 - Federal transportation grant for the South Basin Bridge at the Hunters Point Shipyard would be before the Board of Supervisors Finance Committee on October 16th at noon.
 - Update on the Museum of the African Diaspora – the Board of Directors hosted a reception and a charette on October 11th to hear from African-American scholars about content ideas for the museum. Scholars included Donna Jones, Professor of Comparative Literature of the Americas at Stanford University, Dr. Sheila Walker, the Bill and Camille Cosby visiting scholar at Spelman College and Director of the Center for African and African-American Studies at the University of Texas in Austin, Maude Dikobe, Professor of African Diaspora Studies at UC Berkeley, Howard Dodson, Director of the Schomberg Center for Research in Black Culture in New York, Sean Barlow, Producer of the NPR's Afropop Worldwide in New York, and John Templeton, Author and Researcher in San Francisco. Proposed Schematic Design for the museum's exhibit space to be scheduled for the Commission's consideration in December.

9. COMMISSIONERS QUESTIONS AND MATTERS

- Commissioner Palamountain verified that there was a community meeting regarding the Fillmore Jazz District on October 17th from 6:00 to 8:00 p.m. at the Westbay Conference Center. Ms. Rosen affirmed.
- Commissioner Palamountain referred to an e-mail sent to her from Claudia Polley regarding a dispute with contract payments and stated that she did not have a position on the matter and was not giving directions to staff, but expressed her personal feelings that Ms. Polley had done a lot of work on the Museum of the African Diaspora.
- Commissioner Singh inquired about the Whole Foods lease with Armax and asked if the Agency was not requiring them to pay the prevailing wages.

Executive Director Rosen responded that the prevailing wage policy related to construction and Armax was subject to the prevailing wage policy for the tenant improvements for the supermarket.

- Commissioner Singh asked about a vacant lot on Fulton and Gough Streets if it was owned by the Agency.

Executive Director Rosen stated that she would find out and provide the information to the Commission.

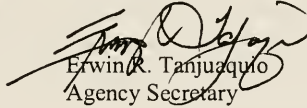
10. CLOSED SESSION:

- (a) Pursuant to Govt. Code Section 54957.6 to instruct Agency designated representatives to negotiate with SFREA (two bargaining units – Mgmt Unit & Prof/Tech Unit), Local 790, and Local 21. Agency negotiators: Marcia Rosen, Ayisha Benham, Bertha Ontiveros, and Ora Meacham

11. **ADJOURNMENT**

It was moved by Ms. Palamountain, seconded by Mr. Romero, and unanimously carried that the meeting be adjourned. The meeting adjourned at 6:14 p.m.

Respectfully submitted,


Erwin R. Tanjuatino
Agency Secretary

APPROVED:

November 12, 2002

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
22ND DAY OF OCTOBER 2002

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 4:00p.m. on the 22nd day of October 2002, at the place and date duly established for holding of such a meeting.

President Michelle W. Sexton called the meeting to order at 4:04 p.m. Ms. Sexton welcomed members of the public and asked that cell phones and pagers be turned off during the meeting.

1. **RECOGNITION OF A QUORUM**

The Commission Secretary announced the presence of a quorum with the following Commissioners present.

Michelle W. Sexton, President (departed @ 6:05 p.m.)
Ms. Palamountain, Vice-President
Mark Dunlop
Leroy King (arrived @ 4:05 p.m.)
Mr. Romero
Benny Y. Yee (arrived @ 4:05 p.m.)

DOCUMENTS DEPT

And the following were absent:

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Darshan Singh

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Marcia Rosen, Executive Director and staff members were also present.

2. **REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY.** None.

3. **MATTERS OF UNFINISHED BUSINESS:** None.

4. **MATTERS OF NEW BUSINESS:**

CONSENT AGENDA

4 (a) Approval of Minutes: Meeting of August 27, 2002

ADOPTION: IT WAS MOVED BY MR. DUNLOP, SECONDED BY MR. ROMERO, AND UNANIMOUSLY CARRIED (MR. KING, MR. SINGH AND MR. YEE ABSENT) THAT CONSENT AGENDA ITEM 4 (a) APPROVAL OF MINUTES: MEETING OF AUGUST 27, 2002, BE ADOPTED.

REGULAR AGENDA

- 4 (b) Resolution No. 183-2002, Authorizing a Personal Services Contract with the San Francisco African American Historical & Cultural Society, a California non-profit public benefit corporation, in an amount not to exceed \$123,024 for a Research, Education and Documentation Program of the pioneers and heroes included in the O'Farrell Street Plaza Names Project; Western Addition Redevelopment Project Area A-2

Presenters: Randi Smith (Agency staff), Alfred Williams (AAHCS)

Speakers: John Templeton, Mary Helen Rogers

Commissioner Palamountain put forth a motion adopt item 4 (b) and shared her excitement about the multi-ethnic approach as well as the multi-media component of the project. Ms. Palamountain congratulated staff and the African-American Historical and Cultural Society and looked forward to the results.

Commissioner Romero seconded Commissioner Palamountain's motion.

Commissioner Dunlop lent his enthusiastic support for the project and stated that it was important to have the historical documentation and recognize the people that led the way and their contributions.

Commissioner King stated his support for the African-American Historical and Cultural Society to provide the much-needed historical perspective for the Western Addition and recalled that he had opposed the initial effort by KQED whom he felt did not have the historical knowledge of the community.

ADOPTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. ROMERO, AND UNANIMOUSLY CARRIED (MR. SINGH ABSENT) THAT ITEM 4 (b) RESOLUTION NO. 183-2002, AUTHORIZING A PERSONAL SERVICES CONTRACT WITH THE SAN FRANCISCO AFRICAN AMERICAN HISTORICAL & CULTURAL SOCIETY, A CALIFORNIA NON-PROFIT PUBLIC

BENEFIT CORPORATION, IN AN AMOUNT NOT TO EXCEED \$123,024 FOR A RESEARCH, EDUCATION AND DOCUMENTATION PROGRAM OF THE PIONEERS AND HEROES INCLUDED IN THE O'FARRELL STREET PLAZA NAMES PROJECT; WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2, BE ADOPTED.

- 4 (c) Resolution No. 184-2002, Authorizing an Extension of time for the Plan Adoption Consultant Panel from December 31, 2002 to September 30, 2003 to continue work on plan adoptions and plan amendments in Redevelopment Survey and Project Areas

Presenters: Jose Campos (Agency staff)

Speakers: Mary Helen Rogers

Commissioner Romero put forth a motion to adopt item 4 (c).

Commissioner Dunlop seconded Commissioner Romero's motion. Mr. Dunlop asked staff for a response to Mrs. Helen Rogers' comments that the consultants have not met with the community.

Executive Director Marcia Rosen responded that the consultants did not meet with the community because they were simply working on an environmental analysis of a proposed minor plan amendment. The proposal for the Rosa Parks site was exploring an idea of the Housing Authority, which would allow additional senior housing units to be built on the site. Ms. Rosen stated that she would ask the Housing Authority to hold a community meeting should it proceed with the proposal.

Commissioner Dunlop stated it was obvious for some time that the plans and plan amendments for several areas were not going to be adopted as scheduled and asked staff to provide the Commission and the public with earlier notice of delays in the plan and plan amendment approval process.

Commissioner Palamountain thanked Jose Campos for his presentation and expressed the same concerns as Commissioner Dunlop regarding delays in the plan adoption process. Ms. Palamountain inquired about the negotiations with CalTrans on the transfer of the properties to the Agency.

Mr. David Habert of the Agency's Planning division informed the Commission that negotiations were on-going and an agreement in principle was close at hand.

Executive Director Rosen added that a closed session item regarding the matter would soon be scheduled for Commission discussion.

Commissioner Palamountain referred to the draft Mid-Market preliminary report that was prepared in January 2002 and asked what the cause for the delay was.

Mr. Jose Campos, Planning Supervisor responded that the delay in finalizing the preliminary report was due to additional public comment received from the 14 community workshops held last Fall and staff wanted to insure that all of the redevelopment plan reports were in alignment with the community's input. In addition, staff and the PAC were recommending the inclusion of the 10th and Market Street and San Francisco Mart areas into the proposed Mid-Market project area boundary, which required additional analysis, and the assessment rolls for the proposed project area needed to be updated for the financial feasibility analysis. Mr. Campos assured the Commission that the preliminary report would be completed by the end of the year.

Commissioner King stated that he had opposed awarding long-term contracts to consultants in the past and reiterated his opposition because they do not come back to the Commission and staff just did what they wanted to do. Mr. King stated that he would vote for the extension because that was the will of the Commission, but was still concerned with long-term contracts. Mr. King asked why the consultants have not met and worked with the various communities. Mr. King also noted that there was no information in the Commission memorandum regarding compliance with the Agency's Equal Employment Opportunity policy.

Mr. Jose Campos responded that generally, the consultants' scope of services did not include attendance at community meetings and Agency staff had the responsibility of presenting the consultants' work to the various community groups. Mr. Campos informed the Commission that there was no changes in the workforce of the consultants since they were first awarded the contract and remained in compliance with the Agency's Equal Employment Opportunity policies.

Executive Director Rosen added that the contract compliance information would be provided to the Commission.

President Sexton suggested that a statement regarding compliance be included in Commission memoranda.

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MR. DUNLOP, AND UNANIMOUSLY CARRIED (MR. SINGH ABSENT) THAT ITEM 4 (c) RESOLUTION NO. 184-2002, AUTHORIZING AN EXTENSION OF TIME FOR THE PLAN ADOPTION CONSULTANT PANEL FROM DECEMBER 31, 2002 TO SEPTEMBER 30, 2003 TO CONTINUE WORK ON PLAN ADOPTIONS AND PLAN AMENDMENTS IN REDEVELOPMENT SURVEY AND PROJECT AREAS, BE ADOPTED.

Items 4 (d) through 4 (k) were presented together and acted upon separately.

- (d) Resolution No. 185-2002, Authorizing a Disposition and Development Agreement with CB-1 Entertainment Partners LP, a California limited partnership, that amends and restates the development requirements for the Jessie Square parcel, the Jessie Square Garage and related improvements on Central Block One, bounded by Market, Mission, Third and Fourth Streets, and also providing for the sale of additional transferable development rights from Parcel CB-1-JSS; Yerba Buena Center Redevelopment Project Area
- (e) Resolution No. 186-2002, Authorizing a Fourth Amendment to the Disposition and Development Agreement with CB-1 Entertainment Partners LP, a California limited partnership, concerning the development of the Market Street parcel on Central Block One; Yerba Buena Center Redevelopment Project Area
- (f) Resolution No. 187-2002, Authorizing the Seventh Amendment to the Agreement for Disposition of Land for private development with the Mexican Museum, a California nonprofit public benefit corporation, that revises the development schedule and requirements for a Museum building on Parcel CB-1-MM, the north side of Mission Street between Third and Fourth Streets; Yerba Buena Center Redevelopment Project Area
- (g) Resolution No. 188-2002, Authorizing a Sixth Amendment to the Disposition and Development Agreement with the Magnes Museum (formerly the Jewish Museum San Francisco), a California nonprofit public benefit corporation, concerning the development of disposition parcel CB-1-JSS, on Central Block One; Yerba Buena Center Redevelopment Project Area
- (h) Resolution No. 189-2002, Authorizing the Fourth Amendment to the Agreement for Disposition of Land for private development with L-O SOMA Holding, Inc., a Delaware corporation, dba the Argent Hotel, to accommodate Jessie Garage work on Argent Hotel parcels 3706-H, 3706-H(1), 3706-H(2A) and 3706-H(2B), located at the southwest corner of Third and Stevenson Streets; Yerba Buena Center Redevelopment Project Area
- (i) Resolution No. 190-2002, Authorizing a Third Amendment to the Amended Owner Participation Agreement with the Roman Catholic Archbishop of San Francisco, a California corporation sole, to accommodate Jessie Garage work on St. Patrick's Church property, located on Lots 14 and 68 of Assessor's Block 3706, on the north side of Mission Street between Third and Fourth Streets; Yerba Buena Center Redevelopment Project Area

- (j) Resolution No. 191-2002, Expressing the Intent to Issue Tax Allocation Bonds, in one or more series to finance the Jessie Square Garage, the substructure of two cultural facilities, improvements to the Jessie Square area, and related costs on Central Block One, (Assessor's Block 3706, portion of Lot 117) for redevelopment purposes in an amount not to exceed \$43,100,000, subject to approval by the Board of Supervisors; Yerba Buena Center Redevelopment Project Area
- (k) Resolution No. 192-2002, Approving an Amendment to the Budget of the Redevelopment Agency of the City and County of San Francisco for fiscal year 2002-2003 by increasing the Agency's expenditure authority in an amount not to exceed \$43,100,000 to fund the construction of a Parking Garage, Jessie Square Plaza and related improvements; Yerba Buena Center Redevelopment Project Area

Presenters: William Carney (Agency staff)

Speakers: Joe Brennan, John Killacky, Tom Peterson, Connie Wolf, Ellie Fernandez, Anita Hill, Adrienne Pon, Herb Lembcke, Chi-Hsin-Shao, Mario Garcia Durham, Paige Scott

Commissioner Yee stated he was certain that the Commission would support the items for the wonderful project at Yerba Buena Center. Mr. Yee stated that he looked forward to the completion in three years and although he may no longer be a Commissioner at that time, he hoped that the Executive Director and the Commission invite him to the grand opening. Mr. Yee asked what the rationale was for the reduced forecast of the per square foot price of the Transfer of Development Rights (TDR) from \$25.00 to \$20.00 per square foot.

Mr. William Carney explained that the \$25.00 per square foot price was agreed to with the developer about two years ago when the economy was still strong and was arrived at through negotiations with the developer as well as consultation with the Department of City Planning. Mr. Carney stated that the reduction to \$20.00 per square foot was deemed to be still a good price and represented the fair market value given the current state of the economy. Mr. Carney added that the developer agreed to pay at least the \$20.00 per square foot price or the then current market value of the TDRs (whichever is higher) should additional TDRs be purchased.

Commissioner Yee put forth a motion to adopt item 4 (d).

Commissioner Palamountain stated that she was very proud of the achievements made in Yerba Buena Center and lauded Helen Sause's and Bill Carney's dedication and hard work on the success of Yerba Buena Center. Ms. Palamountain attributed the great success of Yerba Buena

Center to the tremendous amount of public investments made by the Agency and the City and when the Commission was being asked to invest an additional 43 million dollars, it was something that she did not take lightly and did not want to rush through. Ms. Palamountain asked what led to the initial decision on the approach to have a private developer finance the publicly owned portions of Central Block One.

Mr. Carney responded that prior to 1998 the Agency had determined that the plaza would be publicly developed and publicly financed and the museums were to be developed by the museums themselves. When Millennium Partners undertook the development of the private portions of Central Block One with the development of the Four Seasons and Yerba Buena Lane and proposed a parking garage under Jessie Square to provide the necessary parking for the whole Central Block One complex, Agency staff saw the opportunity to have the parking provided without public expenditure, while the developer projected a reasonable return on the private investment that would benefit both the private and public spaces. Mr. Carney added that given the healthy economic climate at that time, Agency staff deemed that the parking garage as well as the other improvements could be accomplished without further public investment. The economic climate had now changed, and, therefore, the proposal had also changed.

Commissioner Palamountain asked if the reason was purely the change in the economy or that the risk balance had been realigned and that there was no longer a risk for the public investment in the project.

Mr. Carney responded that it was the state of the economy because had the transaction closed a year ago, the project would have been under construction today. Mr. Carney added that of the millions of dollars of public investment in Yerba Buena Center, by and large those investments were not attached to any revenue source that paid them back and the Jessie Square Garage provided an opportunity to have an economic engine attached to the development, which could in fact pay for itself and the public improvements and to have a long-term source of revenue and that such an approach seemed to make a lot of sense.

Commissioner Palamountain noted that the listed contingencies in the Commission memorandum did not include securing financing for the project and asked what was required of the developer.

Mr. Carney explained that securing financing was one of the many conditions of closing the transaction prior to the disposition of a leasehold or property.

Commissioner Palamountain asked if the parking garage was to fulfill the developer's parking obligations for the hotel or if it was an additional wish

that the developer had. Ms. Palamountain asked for an explanation of the developer's parking obligations.

Mr. Carney responded that the developer had agreed to lease 65 parking spaces from the Agency, which represented its core parking obligations under the revised agreement.

Mr. Phil Aarons of Millennium Partners, responded that it had no further parking obligations other than the parking spaces built within the Four Seasons Hotel, but that they were always interested in more parking spaces because they believed that the area would benefit. Mr. Aarons stated that the proposed agreement gave them additional parking spaces that the hotel could use on an elective basis, but the parking spaces were not required by any agreements with their tenants or occupants.

Commissioner Palamountain asked if the parking and possessory taxes would go to the City or the Agency and ultimately pay back the bonds. Ms. Palamountain asked about the acronym "GMOS" used in one of the charts. Ms. Palamountain stated that she was glad to see conservative numbers in staff's analysis and asked if any excess tax increments were realized, if it was possible to use them outside of Yerba Buena Center such as Hunters Point Shipyard.

Mr. Carney affirmed that the parking and possessory taxes would go to the City and would offset the City's cost for issuing the tax increment bonds. Mr. Carney explained "GMOS" stood for "Gardens Maintenance, Operations and Security." Mr. Carney stated that it would be a possible to look into ways of utilizing tax increments generated in Yerba Buena Center elsewhere.

Commissioner Palamountain stated that she would support the items, but with the slimmest of margins because of her concerns with the public investment. Ms. Palamountain informed the Commission that she had raised a concern with Executive Director Rosen about item 4 (j) Resolution 191-2002 and had proposed deletion of the inducement language to remove the ambiguity of the bond resolution.

Commissioner Dunlop thanked Commissioner Palamountain for her questions and that he shared the same concerns with the \$43 million expenditure, but was convinced that the proposed project clearly provided the needed public benefit and was supportive of the items. Mr. Dunlop seconded Commissioner Yee's motion to adopt item 4 (d).

Commissioner Romero complimented Mr. Carney and Agency staff that worked on a very complicated project and it was his judgment that the Agency had done its best under the present circumstances. Mr. Romero stated that there were imaginative solutions to the very complicated problem of completing the Yerba Buena Center project. Mr. Romero stated that he would support the project by a wide margin because he saw an enormous public benefit for the City.

Commissioner King harkened back to the 20-year history of Yerba Buena Center and shared with the Commission that the original intent was to have the gardens privately financed, and the Agency had negotiated with a developer, Olympia and York, but it went bankrupt and the Agency had to find ways of financing Yerba Buena Center. Mr. King stated that staff had done a great job in finding creative ways to finance the extraordinary costs and the proposed parking garage was a good strategy to have future revenue sources for the Agency. Mr. King lent his support for the items.

President Sexton asked for clarification on the revenue projections for the parking garage and if the projections were based upon the full occupancy of the garage.

Mr. Carney responded that the revenue projections were not based upon the full occupancy of the parking garage and explained that the projected occupancy of the garage was at the 80% level compared to the 68% occupancy of existing nearby parking garages. The proposed Jessie Square parking garage would have direct access from the adjoining museums and in discussions with the Agency's consultants, the proposed garage would perform on the higher level of occupancy than other nearby garages.

Commissioner Yee inquired about the hourly parking rates for the proposed parking garage.

Ms. Darby Kremers, consultant to the Agency, stated that the hourly parking rates were based upon comparison to the Museum of Modern Art parking garage and the cost for one-hour parking was \$2.25, for eight hours it was \$18.00 and \$30.00 for 10 hours or more.

ADOPTION: IT WAS MOVED BY MR. YEE, SECONDED BY MR. DUNLOP, AND UNANIMOUSLY CARRIED (MR. SINGH ABSENT) THAT ITEM 4 (d) RESOLUTION NO. 185-2002, AUTHORIZING A DISPOSITION AND DEVELOPMENT AGREEMENT WITH CB-1 ENTERTAINMENT PARTNERS LP, A CALIFORNIA LIMITED PARTNERSHIP, THAT AMENDS AND RESTATES THE DEVELOPMENT REQUIREMENTS FOR THE JESSIE SQUARE PARCEL, THE JESSIE SQUARE GARAGE AND RELATED IMPROVEMENTS ON CENTRAL BLOCK ONE, BOUNDED BY

MARKET, MISSION, THIRD AND FOURTH STREETS, AND ALSO PROVIDING FOR THE SALE OF ADDITIONAL TRANSFERABLE DEVELOPMENT RIGHTS FROM PARCEL CB-1-JSS; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MR. DUNLOP, AND UNANIMOUSLY CARRIED (MR. SINGH ABSENT) THAT ITEM 4 (e) RESOLUTION NO. 186-2002, AUTHORIZING A FOURTH AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT WITH CB-1 ENTERTAINMENT PARTNERS LP, A CALIFORNIA LIMITED PARTNERSHIP, CONCERNING THE DEVELOPMENT OF THE MARKET STREET PARCEL ON CENTRAL BLOCK ONE; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MR. DUNLOP, AND UNANIMOUSLY CARRIED (MR. SINGH ABSENT) THAT ITEM 4 (f) RESOLUTION NO. 187-2002, AUTHORIZING THE SEVENTH AMENDMENT TO THE AGREEMENT FOR DISPOSITION OF LAND FOR PRIVATE DEVELOPMENT WITH THE MEXICAN MUSEUM, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, THAT REVISES THE DEVELOPMENT SCHEDULE AND REQUIREMENTS FOR A MUSEUM BUILDING ON PARCEL CB-1-MM, THE NORTH SIDE OF MISSION STREET BETWEEN THIRD AND FOURTH STREETS; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MR. DUNLOP, AND UNANIMOUSLY CARRIED (MR. SINGH ABSENT) THAT ITEM 4 (g) RESOLUTION NO. 188-2002, AUTHORIZING A SIXTH AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT WITH THE MAGNES MUSEUM (FORMERLY THE JEWISH MUSEUM SAN FRANCISCO), A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, CONCERNING THE DEVELOPMENT OF DISPOSITION PARCEL CB-1-JSS, ON CENTRAL BLOCK ONE; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MR. DUNLOP, AND UNANIMOUSLY CARRIED (MR. SINGH ABSENT) THAT ITEM 4 (h) RESOLUTION NO. 189-2002, AUTHORIZING THE FOURTH AMENDMENT TO THE AGREEMENT FOR DISPOSITION OF LAND FOR PRIVATE DEVELOPMENT WITH L-O SOMA HOLDING, INC., A DELAWARE CORPORATION, DBA THE ARGENT HOTEL, TO ACCOMMODATE JESSIE GARAGE

WORK ON ARGENT HOTEL PARCELS 3706-H, 3706-H(1), 3706-H(2A) AND 3706-H(2B), LOCATED AT THE SOUTHWEST CORNER OF THIRD AND STEVENSON STREETS; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MR. DUNLOP, AND UNANIMOUSLY CARRIED (MR. SINGH ABSENT) THAT ITEM 4 (i) RESOLUTION NO. 190-2002, AUTHORIZING A THIRD AMENDMENT TO THE AMENDED OWNER PARTICIPATION AGREEMENT WITH THE ROMAN CATHOLIC ARCHBISHOP OF SAN FRANCISCO, A CALIFORNIA CORPORATION SOLE, TO ACCOMMODATE JESSIE GARAGE WORK ON ST. PATRICK'S CHURCH PROPERTY, LOCATED ON LOTS 14 AND 68 OF ASSESSOR'S BLOCK 3706, ON THE NORTH SIDE OF MISSION STREET BETWEEN THIRD AND FOURTH STREETS; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MR. DUNLOP, AND UNANIMOUSLY CARRIED (MR. SINGH ABSENT) THAT ITEM 4 (j) RESOLUTION NO. 191-2002, EXPRESSING THE INTENT TO ISSUE TAX ALLOCATION BONDS, IN ONE OR MORE SERIES TO FINANCE THE JESSIE SQUARE GARAGE, THE SUBSTRUCTURE OF TWO CULTURAL FACILITIES, IMPROVEMENTS TO THE JESSIE SQUARE AREA, AND RELATED COSTS ON CENTRAL BLOCK ONE, (ASSESSOR'S BLOCK 3706, PORTION OF LOT 117) FOR REDEVELOPMENT PURPOSES IN AN AMOUNT NOT TO EXCEED \$43,100,000, SUBJECT TO APPROVAL BY THE BOARD OF SUPERVISORS; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA AS AMENDED, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MR. DUNLOP, AND UNANIMOUSLY CARRIED (MR. SINGH ABSENT) THAT ITEM 4 (k) RESOLUTION NO. 192-2002, APPROVING AN AMENDMENT TO THE BUDGET OF THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO FOR FISCAL YEAR 2002-2003 BY INCREASING THE AGENCY'S EXPENDITURE AUTHORITY IN AN AMOUNT NOT TO EXCEED \$43,100,000 TO FUND THE CONSTRUCTION OF A PARKING GARAGE, JESSIE SQUARE PLAZA AND RELATED IMPROVEMENTS; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

5. MATTERS NOT APPEARING ON THE AGENDA None.

6. **PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA, BUT AGENCY RELATED MATTERS** None

7. **REPORT OF THE PRESIDENT**

- Attended the Agency's Employee Appreciation Day held on October 16th and had a wonderful time meeting all of the employees and looked forward to working with them. Commissioners King and Singh also attended.

8. **REPORT OF THE EXECUTIVE DIRECTOR**

- Board of Supervisors Finance Committee held meeting to discuss the funding of the proposed South Basin Bridge and continued the matter – would advise the Commission when it was rescheduled.
- Mission Hiring Hall/South of Market Employment Center training program – Agency's Contract Compliance staff, Sylvester McGuire, helped develop a training program to train fitness instructors in part because of the fitness center at the Four Seasons Hotel. Eight of the 12 enrollees in the first class of the program successfully graduated on October 18th and would all be employed at several YMCA, Club One, 24-Hour Fitness Center and other fitness centers. Informed the public who are interested to contact Ms. Ellie Fernandez, program coordinator of the South of Market Employment Center at 865-2105. This was another example that jobs generated by Agency development projects went to local residents.
- Annual Open Studios for the Artists at the Hunters Point Shipyard on October 26th and 27th from 11:00 a.m. to 6:00 p.m., including an auction on Sunday.
- Grand opening of the Bayview Commons Apartments, 4445 Third Street at LaSalle Avenue on November 20th from noon to 2:00 p.m.
- National Association of Local Housing Finance Agencies (NALFA) Meritorious Achievement Award for the recently opened Rich Sorro Commons development in Mission Bay – Olson Lee would pick up award at the national conference.
- Regular PIDC Board Meeting on Monday, October 28th at 6:00 p.m. at the Agency offices.

9. **COMMISSIONERS QUESTIONS AND MATTERS**

- Commissioner King shared that he had a lovely time at the Employee Appreciation Day and enjoyed seeing the employees and the great food. Mr. King thanked staff for putting the event together.
- Commissioner Dunlop reported a telephone call from a Plaza Hotel resident that the relocation firm for the Plaza Hotel was not a San Francisco firm and was in fact from Oakland. Mr. Dunlop also heard that the resident was told that it would take 16 months before the property was demolished and was told that the residents would have to find their own place and then apply for relocation assistance. Mr. Dunlop asked staff to prepare a response and clarify the issues surrounding the Plaza Hotel relocation issues.
- Commissioner Dunlop thanked staff for its promptness in preparing a report responding to the Tenderloin Housing Clinic's report on Sixth Street. Mr. Dunlop stated that he had hoped for an analysis of the five proposed programs suggested by Tenderloin Housing Clinic and not just a general defense of what the Agency had done on Sixth Street, although he believed that the Agency had in fact done substantial improvements. Mr. Dunlop requested a feasibility analysis for each of the five programs proposed by Tenderloin Housing Clinic.

Executive Director Rosen stated that staff would respond to any specific questions by the Commission, but pointed out that the recommendations from Tenderloin Housing Clinic were enumerated in the staff report and staff would continue to work with the PAC and the community to address the issues.

- Commissioner Romero followed up on Commissioner Dunlop's concerns about the Plaza Hotel relocation issue and stated that it had been a year since the Commission acted and to his knowledge, he had not heard an update or received documents relating to the progress of the PIDC.

Executive Director Rosen stated that the Commission took action in April and the quarterly progress report from PIDC was provided to the Commission on September 17th while Commissioner Romero was on vacation. Ms. Rosen offered to meet with Commissioner Romero and brief him on the progress of the Plaza Hotel, as well as provide a copy of the progress report.

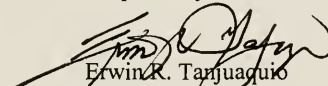
10. CLOSED SESSION:

- (a) Pursuant to Government Code § 54956.8 to instruct the Agency's real property negotiators in furtherance of the conveyance of Hunters Point Shipyard from the U.S. Navy to the Agency. Agency negotiators: Marcia Rosen, Don Capobres, Joanne Sakai, Jesse Blout (MOED) and Michael Cohen (City Attorney's Office).
- (b) Pursuant to Government Code §54956.8 to instruct the Agency's real property negotiators with respect to price and terms with regard to a foreclosure sale. The property is located at 1330 Turk Street. The owner of the property is L & L Enterprises, Inc. Agency negotiators: Olson Lee, Sean Spear and Michele Davis.

11. ADJOURNMENT

It was moved by Mr. Dunlop, seconded by Mr. King, and unanimously carried that the meeting be adjourned. The meeting adjourned at 6:29 p.m.

Respectfully submitted,


Erwin R. Tanjuaquio
Agency Secretary

APPROVED:

November 19, 2002

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
29TH DAY OF OCTOBER 2002

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 4:00p.m. on the 29th day of October 2002, at the place and date duly established for holding of such a meeting.

President Michelle W. Sexton called the meeting to order at 4:00 p.m. Ms. Sexton welcomed members of the public and asked that cell phones and pagers be turned off during the meeting.

1. **RECOGNITION OF A QUORUM**

The Commission Secretary announced the presence of a quorum with the following Commissioners present.

Michelle W. Sexton, President
Ms. Palamountain, Vice-President
Mark Dunlop
Leroy King
Mr. Romero (arrived @ 4:08 p.m.)
Darshan Singh
Benny Y. Yee (arrived @ 4:10 p.m.)

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Marcia Rosen, Executive Director and staff members were also present.

2. **REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY.** None.

3. **MATTERS OF UNFINISHED BUSINESS:** None.

4. **MATTERS OF NEW BUSINESS:**

CONSENT AGENDA

4 (a) Approval of Minutes: Meeting of September 10, 2002

ADOPTION: IT WAS MOVED BY MR. DUNLOP, SECONDED BY MS. PALAMOUNTAIN, AND UNANIMOUSLY CARRIED (MR. ROMERO AND MR. YEE ABSENT) THAT CONSENT AGENDA ITEM 4 (a) APPROVAL OF MINUTES: MEETING OF SEPTEMBER 10, 2002, BE ADOPTED.

REGULAR AGENDA

- 4 (b)** Resolution No. 193-2002, Approving a Panel of outside Legal Counsel for Public Finance/Bond Counsel for three years and Authorizing legal services contracts on an as-needed basis

Presenters: Bertha A. Ontiveros (Agency staff)

Speakers: Mary Helen Rogers

Commissioner Singh asked how much bonds the Agency anticipated issuing and if all the firms would share in the contract work.

General Counsel Bertha A. Ontiveros responded that the Agency had estimated two possible bond issuances in 2003, the first in the range of \$30 to \$40 million and did not have an amount for the second issuance for housing bonds, although previous housing bonds had ranged between \$10 and \$15 million. Agency staff was working on possible bonds for the Shipyard and the Community Facilities District. Ms. Ontiveros stated that within the three-year period all of the ten firms would have an opportunity to work on Agency bond issuances.

Commissioner Dunlop put forth a motion to adopt item 4 (b). Mr. Dunlop verified that there were no retainer fees paid to the firms and they would be available to work on Agency bonds when needed. Mr. Dunlop noted that some of the firms had only one minority and others with no minorities on their staff and asked how the firms' equal employment compliance was determined. Mr. Dunlop asked if staff conducted annual reviews of the firms' compliance with the Agency's Equal Employment Opportunity policies.

Ms. Ontiveros affirmed that there were no retainer fees and bond counsel was paid by the bond proceeds when bonds were issued. Ms. Ontiveros explained that pursuant to Agency policy, the firms did good-faith efforts to hire minorities and for the smaller firms there was not a lot of opportunity to hire a lot of employees more frequently and that impacted the statistics of their employment. Ms. Ontiveros added that many years ago, the State of California created a co-bond counsel arrangement to have more diversity and to ensure that the work was allocated among a broad number of firms

doing State bond work. Ms. Ontiveros stated that Agency staff conducted annual contract compliance reviews of all of the firms that did business with the Agency.

Commissioner King recalled that there used to be more African-American bond attorneys and expressed concerns that the recommended firms did not hire African-American lawyers, particularly African-American male attorneys and that there were no indications of efforts to hire minorities with some of the firms. Mr. King added that some of the firms did not provide opportunities for minorities.

Mr. Sylvester McGuire of the Agency's Contract Compliance Division, explained that as stated by the General Counsel, many of the firms were smaller firms, and it was not always possible to hire minorities. Mr. McGuire shared that Agency staff had done research with the universities and colleges in California and found that the limited number of minority graduates took jobs with the larger law firms that could provide them with the greatest opportunities in pay and career advancement. Mr. McGuire added that the large firms in the recommended panel did have African-American lawyers, both male and female and other minorities. The Agency's Contract Compliance staff was very aware of the situation and the hiring practices of the firms and continued to work with the State Bar in the placement of qualified minorities. Mr. McGuire explained that on a yearly basis, there were not a lot of African-American law graduates and those that do graduate, took employment with the larger firms where they could make the most of their careers and public finance/bond counsel was just one of many specialized legal fields.

Commissioner King recalled that law firms that have done business with the Agency in the past went to African-American colleges and universities and actively recruited African-American law graduates and it seemed like none of the recommended firms on the panel did that kind of outreach anymore.

Mr. McGuire responded that all of the recommended firms on the panel did the required outreach not only to African-American educational institutions, but also other colleges and universities. All of the firms responded to the Agency's outreach questionnaire, and staff verified their outreach efforts. Mr. McGuire reiterated that the few African-American law students that graduated usually took employment with the larger law firms that offered the most opportunity, and as long as they continued to take the best employment offers, the Agency may never see the level of African-American participation that the Commission desired. Mr. McGuire stated he believed that the Agency did and continues to do a great job in its outreach efforts to ensure the highest level of diversity with any outside firms it does business with.

Commissioner Romero shared that from his perspective as a minority lawyer who graduated more than 20 years ago, he was surprised to see the high percentage of minority participation in the recommended law firms for the bond counsel panel and especially when there was a statewide reduction in minority enrollment in law schools that resulted from a statewide proposition three years ago. Mr. Romero stated that he was confident of staff's recommendation and satisfied with the minority participation of the law firms and that was a testament to the efficacy of the Agency's equal employment opportunity policies and a credit to the aggressive outreach efforts of staff. Mr. Romero added that he appreciated the narrow specialty of public finance law because his own practice of labor law was just as specialized. Mr. Romero seconded Commissioner Dunlop's motion.

President Sexton stated for the record that she had practiced as a bond attorney with the law firm of Orrick Herrington and Sutcliffe that was a member of the recommended panel, but had not worked with the firm since 1997. Ms. Sexton expressed her high degree of respect for all of the firms in the recommended panel and thought that staff had done a great job of putting together the pool of law firms. Ms. Sexton stated her support for the recommended panel and clarified that she would not have any financial gain by doing so and that there was not a conflict of interest.

Commissioner Yee noted that one of the law firms with five employees had no Asians, African-Americans or Hispanics and asked staff for an explanation.

General Counsel Ontiveros responded that the Agency's policies required good faith efforts to be made by the law firms to hire a wide range of employees including minorities and women and some of the firms did not have minority employees at the present time, but that many of the minority attorneys that were employed by some of the firms had left and formed their own practice and were part of the recommended panel. Ms. Ontiveros added that the firms did endeavor to do their best to have diverse workforces, and staff encouraged and monitored the diversity efforts.

Commissioner King pointed out that the struggle of the African-American lawyers had gone on for at least 20 years and although some of the African-American attorneys have established their own practices, it was not easy for them.

ADOPTION: IT WAS MOVED BY MR. DUNLOP, SECONDED BY MR. ROMERO, AND UNANIMOUSLY CARRIED THAT ITEM 4 (b) RESOLUTION NO. 193-2002, APPROVING A PANEL OF OUTSIDE LEGAL COUNSEL FOR PUBLIC FINANCE/BOND COUNSEL FOR THREE YEARS AND AUTHORIZING LEGAL SERVICES CONTRACTS ON AN AS-NEEDED BASIS, BE ADOPTED.

4 (c) Public Hearing on the Mid-Market Redevelopment Plan Draft
Environmental Impact Report (DEIR)

Presenters: Lisa King (Agency staff)

Speakers: Alicia Duke, Byron Yee, Bruce Windrem

Commissioner Dunlop stated that the public hearing was the time to hear from the public and was saddened that there were not more public testimony on the Draft EIR, and thought that the reason may be that the PAC and the staff had done a great job with the outreach to the community. Mr. Dunlop stated that it would have been good to hear from other people in the community and encouraged people to let their comments and suggestions be known.

Commissioner Palamountain asked Ms. Lisa King to give the mailing address for the public's written comments. Ms. King announced the mailing address for the public and the radio-listening audience.

5. MATTERS NOT APPEARING ON THE AGENDA None.

6. PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA,
BUT AGENCY RELATED MATTERS

- Mary Helen Rogers

7. REPORT OF THE PRESIDENT None.

8. REPORT OF THE EXECUTIVE DIRECTOR

- Announced that Ed Ong, the Agency's Architecture and Engineering Supervisor was receiving a Corporate Architect Achievement Award from the American Institute of Architects California Council at its November 14th annual meeting. The award was recognition of Ed Ong's architectural work through 37 years of service at the Redevelopment Agency. Ms. Rosen stated that she and all of Agency staff was very proud of Mr. Ong's contributions of architectural excellence to the Agency's projects.

- Dedication of Baker Place, an historic cottage serving formerly homeless individuals, on November 14th between 11:30 a.m. and 1:00 p.m. at 214 Dolores Street.
- The Board of Permit Appeals has dismissed the 1600 Webster demolition permit appeal and the demolition was scheduled to proceed.
- Appeal filed for the building permit for the proposed Eugene Coleman housing development at 827 Howard Street to be considered at the Board of Permit Appeals meeting on October 30th.
- Board of Supervisors Finance Committee meeting on November 6th regarding the funding for the planning of the South Basin Bridge at the Hunters Point Shipyard.
- African-American Entrustment award ceremony on November 3rd at the Westbay Conference Center honoring Commissioner Leroy King and Mary Rogers.
- October 25th meeting held with a Chinese delegation of six government officials from construction planning and development organizations of Qinghuangdao City of Hebei Province, People's Republic of China. Discussed the Agency's contract compliance and management program. Isabella Wong and Sylvester McGuire hosted the delegation. Agency's Planning Division would be hosting visitors from Japan next week to share similar work experiences.
- The three-year contract with On-Target Delivery Service would be expiring on November 30, 2002 and in conformance with the Agency's purchasing policy, the contract would have to be offered for competitive bidding. A short contract extension to allow for the issuance of a Request for Qualifications would be scheduled in November for the Commission's consideration.

9. COMMISSIONERS QUESTIONS AND MATTERS

- Commissioner King requested that an item be placed on a future Commission Agenda regarding naming of the area known as O'Farrell Street Plaza after Gene E. Suttle, the former Deputy Executive Director of the Agency. The Commission gave its unanimous consent to Commissioner King's request.

Executive Director Rosen stated that the matter would be calendared as soon as possible.

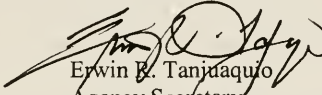
- Commissioner Palamountain reported on the PIDC Board meeting held on October 28th where an update of the Plaza Hotel development was presented. Ms. Palamountain informed the Commission that the PIDC Board had directed its staff to provide the Agency Commission with the board materials in addition to the monthly agenda. Ms. Palamountain reported that Erin Carson of the PIDC staff presented an update of the work on the Plaza Hotel including a SRO hotel tour to help staff in the evaluation of a building design for the Plaza Hotel. There were a lot of great ideas for community spaces that were being shared and coordinated with the existing tenants. A report on the relocation efforts for the Bindlestiff Studios was presented to the board and that Bindlestiff Studios recently received three grants from outside organizations. Ms. Palamountain expressed her excitement with the tremendous progress that the Bindlestiff Studios was making and was very proud of staff's hard work. Ms. Palamountain shared that the PIDC board was planning a future board meeting at the Plaza Hotel to accommodate tenants and interested members of the public to attend and participate in the board meeting. Ms. Palamountain stated that she looked forward to the scheduled demolition and groundbreaking in 2003.
- Commissioner Dunlop stated that he appreciated the report from Commissioner Palamountain about the progress with the Plaza Hotel and that he liked the idea of holding the board meeting at the Plaza Hotel and requested to be notified of the date so he could attend. Mr. Dunlop shared that he was initially concerned with the October 28th PIDC agenda because it did not contain any action items, but was very pleased to hear that progress was being made. Commissioner Dunlop shared that he had received more telephone calls from residents of the Plaza Hotel complaining about toxic smells from the roof repairs and requested PIDC staff to look into the matter. Mr. Dunlop requested that the Commission be provided copies of the monthly PAC meeting minutes so that the Commission could be kept abreast of PAC issues and concerns.

10. **CLOSED SESSION:** None.

11. ADJOURNMENT

It was moved by Ms. Palamountain, seconded by Mr. Dunlop, and unanimously carried that the meeting be adjourned. The meeting adjourned at 5:02 p.m.

Respectfully submitted,



Erwin R. Tanjdaquito
Agency Secretary

APPROVED:

November 19, 2002

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
12TH DAY OF NOVEMBER 2002

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 4:00p.m. on the 12th day of November 2002, at the place and date duly established for holding of such a meeting.

President Michelle W. Sexton called the meeting to order at 4:00 p.m. Ms. Sexton welcomed members of the public and asked that cell phones and pagers be turned off during the meeting.

1. **RECOGNITION OF A QUORUM**

The Commission Secretary announced the presence of a quorum with the following Commissioners present.

Michelle W. Sexton, President
Ms. Palamountain, Vice-President
Leroy King
Ramon E. Romero
Darshan Singh
Benny Y. Yee (arrived @ 4:12 p.m.)

DOCUMENTS DEPT.

And the following were absent:

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Mark Dunlop

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Marcia Rosen, Executive Director and staff members were also present.

2. **REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY.** None.

3. **MATTERS OF UNFINISHED BUSINESS:** None.

4. **MATTERS OF NEW BUSINESS:**

CONSENT AGENDA

- 4 (a) Approval of Minutes: Meetings of September 17 and 24, October 8 and 15, 2002
- 4 (b) Resolution No. 194-2002, Authorizing Edmund W. Ong, Architecture and Engineering Supervisor, to attend the 2002 Annual Conference of the American Institute of Architects California Council (AIACC) on November 15-17, 2002 in Palm Springs, California, at a cost not to exceed \$1,400

ADOPTION: IT WAS MOVED BY MR. SINGH, SECONDED BY MS. PALAMOUNTAIN, AND UNANIMOUSLY CARRIED (MR. DUNLOP AND MR. YEE ABSENT) THAT CONSENT AGENDA ITEMS 4 (a) APPROVAL OF MINUTES: MEETINGS OF SEPTEMBER 17 AND 24, OCTOBER 8 AND 15, 2002, AND 4 (b) RESOLUTION NO. 194-2002, AUTHORIZING EDMUND W. ONG, ARCHITECTURE AND ENGINEERING SUPERVISOR, TO ATTEND THE 2002 ANNUAL CONFERENCE OF THE AMERICAN INSTITUTE OF ARCHITECTS CALIFORNIA COUNCIL (AIACC) ON NOVEMBER 15-17, 2002 IN PALM SPRINGS, CALIFORNIA, AT A COST NOT TO EXCEED \$1,400, BE ADOPTED.

Note: Commissioner Palamountain abstained from voting on the approval of the September 17, 2002 meeting minutes because she was absent. Commissioner Romero abstained from voting on the approval of the September 17 and 24, 2002 meeting minutes because he was absent.

REGULAR AGENDA

- 4 (c) Workshop on the South of Market Earthquake Recovery Redevelopment Project Area

Presenters: William Carney (Agency staff), Antoinetta Stadlman (SOMPAC)

Speakers: Wilma Parker, John Elberling

Commissioner Yee commended Mr. William Carney for a very comprehensive presentation. Mr. Yee asked why the names of the project sponsors for the various affordable housing developments were not included in the slide presentation. Mr. Yee asked how many new members there were in the South of Market Project Area Committee (PAC) and requested a list of the PAC with dates of the membership.

Mr. William Carney stated that he inadvertently did not mention all of the project sponsors but their names were included in the slides as well as in the list of affordable housing developments discussed in the Commission memorandum. Mr. Carney stated that he was not certain about the specific

number of new members of the PAC, but recalled that there was a significant shift in the PAC's membership a year ago that resulted in several new members. Mr. Carney added that the PAC was represented by various categories ranging from residential property owners to single room occupancy residents to community based organizations, and the diverse representation of the PAC was always maintained even when new members were elected to fill vacancies. Mr. Carney stated that a list of the PAC would be provided to the Commission.

Commissioner Yee complimented Ms. Wilma Parker, the Chair of the plan amendment committee, for doing an outstanding job and thanked her for deleting the language in the existing plan that gave first consideration to local South of Market non-profit developers to provide equal opportunity for all developers. Mr. Yee stated that he had been attempting to modify the request for proposals provisions in the South of Market and that he was very pleased to see the change in the proposed plan amendment. Mr. Yee also complimented Ms. Antoinetta Stadlman for being an outstanding chair of the South of Market PAC. Mr. Yee referred to a report entitled "Redevelopment vs. Hotel Reality on Sixth Street" submitted by John Elberling and stated that the Commission may have some questions, but the Commissioners have not had the time to read the report.

Commissioner Palamountain inquired about the 474 Natoma homeownership project and asked why the project financing had not yet been identified when the construction was scheduled to begin in December 2002 and asked if staff was seeking to leverage Agency funds with State and Federal financing resources like other housing projects.

Executive Director Marcia Rosen informed the Commission that staff was preparing an informational memorandum on the status of the 474 Natoma homeownership project that would be provided to the Commission shortly.

Commissioner Palamountain recalled that the Commission had received a report about a youth center in the project area and inquired about its status.

Mr. William Carney responded that the service provider and the Agency were still in discussion about hiring a consultant from outside of the project area to determine the need for a new youth center. Based upon discussions with the Human Services Committee of the PAC, the sentiment at this time was to use existing youth service providers in the area to augment neighborhood youth programs including the Bessie Carmichael Elementary School. Mr. Carney added that the development of a new youth center was still a part of the ongoing discussions.

Commissioner Palamountain stated that the welfare of the youth in the project area was of great concern to her given the significant number of

children that reside in the South of Market area. Ms. Palamountain remarked that there was a great contrast in the quality of youth services that was provided at the Minna/Russ and Tutubi Park development and the evident neglect of youth services at the Bessie Carmichael Elementary School. Ms. Palamountain stated that the Agency must do all it could to provide for the needs of the youth in the South of Market especially young children. Ms. Palamountain stated that she would be paying close attention to the proposed corrections of building code violations including electrical rewiring of single room occupancy hotels along Sixth Street, particularly the use of public funds to upgrade these properties that seemed to have delayed maintenance by the private owners. Ms. Palamountain stated that she looked forward to the PAC's work and recommendations on crime prevention efforts in the area.

Item 4 (d) below was heard at 5:00 p.m.

4 (d) Public Hearing on the Transbay Terminal/Caltrain Downtown Extension Redevelopment Project Draft Environmental Impact Statement/Report (DEIS/DEIR)

President Sexton announced that the newly seated Planning Commission would be scheduling a separate public hearing on the Transbay Draft EIS/EIR and the public would be notified when the date was set. In addition, the public comment period would be extended to allow for the Planning Commission's public hearing.

Presenters: David Habert (Agency staff)

Speakers: Norman Rolfe, Jim Haas, Jan Johnston, Francis Mathews, Margaret Okuzumi, Ken Bukowski, Andrew Sullivan, Richard Mlynarik, Michael Kiesling, James Dear, Bruce Barnes, Andy Chow, Tom McDonough

5. MATTERS NOT APPEARING ON THE AGENDA None.

6. PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA, BUT AGENCY RELATED MATTERS

- Margaret Santos, Claudia Polley, James Dear

7. REPORT OF THE PRESIDENT None.

8. REPORT OF THE EXECUTIVE DIRECTOR

- Reported that the Board of Supervisors adopted a Resolution authorizing the Director of Public Works to accept and expend \$9,375,000 in federal Transportation Equity Act for the 21st Century (TEA21) Demonstration Funds with required local matching funds of \$2,343,750 to undertake environmental studies related to the feasibility of building the South Basin Bridge in the City and County of San Francisco, provided that no general fund monies will be allocated to the project; placing \$7,497,891 on reserve.
- Board of Supervisors Finance Committee meeting on November 13th to consider the refinancing of the Moscone Convention Center bonds recently approved by the Agency Commission.
- Grand opening of Baker Place at 214 Dolores Street on November 14th between 11:30 a.m. and 1:00 p.m.

9. COMMISSIONERS QUESTIONS AND MATTERS

- Commissioner Yee referred to Ms. Margaret Santos' testimony requesting assistance from the Agency and asked for a staff response.

Executive Director Rosen stated Ms. Santos' address was not in a redevelopment project area and the Agency would not have jurisdiction as it did not have a scattered site single-family housing rehabilitation program, but would provide Ms. Santos with the telephone number and contact at the Mayor's Office of Housing.

- Commissioner Palamountain thanked staff for preparing the first monthly report on the Agency's activities in the Fillmore district and that it was exactly what she was looking for in keeping abreast of the work progress in the area.
- Commissioner Palamountain inquired about the contract payment issue with Claudia Polley and stated that she understood that the dispute was related to the six-week gap between July 2001 when Ms. Polley's contract ended and subsequently amended in August 2001, and asked if the Executive Director would characterize the issue as a different dispute.

Executive Director Rosen stated that she did not know if it was for her to characterize, but Ms. Polley had requested additional compensation

outside of the contracts authorized by the Commission. Compensation was set in the contracts and both contracts were fixed-term contracts with specific work products to be produced and not an as-needed hourly contracts, so for each of the contracts authorized by the Commission, all of the compensation due under the contracts had been fully paid to Ms. Polley.

- Commissioner Palamountain stated that she was trying to fully understand the situation and asked if there were any representations made by staff to Ms. Polley regarding compensation.

Executive Director Rosen stated that she was informed by both the Senior Project Manager and Deputy Executive Director involved in the transactions with Ms. Polley, that there was some discussion of compensation under the second contract for time that may have been expended prior to the authorization of the second contract, but it was within the context of a fixed amount contract, and once that contract was paid, that was the full authorization under the contract. Ms. Rosen reiterated that the contracts were not hourly contracts and were for a fixed term for specific work products, and as was frequently the case in personal services contracts for consultants and in other professional work, many hours were expended to complete the deliverables under the contract.

- Commissioner Romero stated that he did not think that it was appropriate for the Commission to discuss the merits of Ms. Polley's request for a hearing and to limit the discussion only to the subject of granting or not granting the request for a hearing and not get into the facts of the claim because Ms. Polley would not have the opportunity to provide her own testimony. Mr. Romero shared his position that the Commission should not grant a hearing on Ms. Polley's claim.
- Commissioner Yee concurred with Commissioner Romero's statements regarding the contract issue with Ms. Polley. Mr. Yee referred to a letter from the Fillmore Jazz Preservation District Merchants Association requesting that a Fillmore holiday event funding by the Agency be calendared for the next Commission meeting, and stated his support for the request. Mr. Yee put forth a motion to place on the November 19th Commission meeting agenda, the request from the Fillmore Jazz Preservation District Merchants Association.

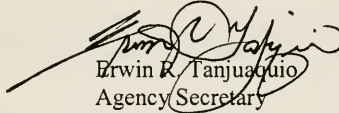
There was no second to Commissioner Yee's motion; therefore, the motion died.

10. **CLOSED SESSION:** None.

11. **ADJOURNMENT**

It was moved by Mr. King, seconded by Mr. Romero, and unanimously carried that the meeting be adjourned. The meeting adjourned at 6:02 p.m.

Respectfully submitted,



Erwin R. Tanjuaquino
Agency Secretary

APPROVED:

November 26, 2002

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
19TH DAY OF NOVEMBER 2002

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 4:00p.m. on the 19th day of November 2002, at the place and date duly established for holding of such a meeting.

President Michelle W. Sexton called the meeting to order at 4:00 p.m. Ms. Sexton welcomed members of the public and asked that cell phones and pagers be turned off during the meeting.

1. **RECOGNITION OF A QUORUM**

The Commission Secretary announced the presence of a quorum with the following Commissioners present.

Michelle W. Sexton, President
Ms. Palamountain, Vice-President
Leroy King
Ramon E. Romero
Darshan Singh (departed @ 7:45 p.m.)
Benny Y. Yee

DOCUMENTS DEPT.

And the following were absent:

SEP 14 2007

Mark Dunlop

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Marcia Rosen, Executive Director and staff members were also present.

2. **REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY.** None.

3. **MATTERS OF UNFINISHED BUSINESS:** None.

4. **MATTERS OF NEW BUSINESS:**

CONSENT AGENDA

- 4 (a) Approval of Minutes: Meetings of October 22 and 29, 2002
- 4 (b) Resolution No. 195-2002, Authorizing a First Amendment to a Housing Opportunities for Persons With AIDS Capital Loan Agreement with Mercy Housing California, a California nonprofit public benefit corporation, in an existing loan amount not to exceed \$700,000, to modify the interest rate, for the acquisition and rehabilitation of 8 units of very low and low-income rental housing for persons living with HIV/AIDS at the Dudley Apartments, 172 Sixth Street; South of Market Earthquake Recovery Redevelopment Project Area
- 4 (c) Resolution No. 296-2002, Authorizing a First Amendment to the Personal Services Contract with On Target Delivery Service, a sole proprietorship, to extend the contract term for four months and increase the total compensation in an amount of \$30,000 for an aggregate contract amount not to exceed \$220,000

Commissioner Yee stated that any items with large amounts of money should not be on the consent agenda such as item 4 (b) and recalled that the Commission had expressed concerns with putting such items on the consent agenda.

Commissioner Palamountain stated that item 4 (b) was not authorizing additional money and simply involved technical amendments and asked Commissioner Yee if he would withdraw his objection. Commissioner Yee stated that he understood and withdrew his objection.

ADOPTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. SINGH, AND UNANIMOUSLY CARRIED (MR. DUNLOP ABSENT) THAT CONSENT AGENDA ITEMS 4 (a) APPROVAL OF MINUTES: MEETINGS OF OCTOBER 22 AND 29, 2002, 4 (b) RESOLUTION NO. 195-2002, AUTHORIZING A FIRST AMENDMENT TO A HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS CAPITAL LOAN AGREEMENT WITH MERCY HOUSING CALIFORNIA, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, IN AN EXISTING LOAN AMOUNT NOT TO EXCEED \$700,000, TO MODIFY THE INTEREST RATE, FOR THE ACQUISITION AND REHABILITATION OF 8 UNITS OF VERY LOW AND LOW-INCOME RENTAL HOUSING FOR PERSONS LIVING WITH HIV/AIDS AT THE DUDLEY APARTMENTS, 172 SIXTH STREET; SOUTH OF MARKET EARTHQUAKE RECOVERY REDEVELOPMENT PROJECT AREA, AND 4 (c) RESOLUTION NO. 296-2002, AUTHORIZING A FIRST AMENDMENT TO THE PERSONAL SERVICES CONTRACT WITH ON TARGET DELIVERY SERVICE, A SOLE PROPRIETORSHIP, TO EXTEND THE CONTRACT TERM FOR FOUR MONTHS AND INCREASE THE TOTAL COMPENSATION IN AN AMOUNT OF \$30,000 FOR AN AGGREGATE CONTRACT AMOUNT NOT TO EXCEED \$220,000, BE ADOPTED.

REGULAR AGENDA

- 4 (d)** Resolution No. 197-2002, Approving the re-naming of the area known as O'Farrell Street Plaza located at the east side of Fillmore at O'Farrell Street as the Gene Earl Suttle Memorial Plaza subject to the necessary approvals and directing the Executive Director to take appropriate implementing actions; Western Addition Redevelopment Project Area A-2

Presenters: Shirley Wysinger (Agency staff)

Speakers: Mary Helen Rogers

Commissioner King put forth a motion to adopt item 4 (d) and urged Mr. Richard Zeto to endorse the renaming of the O'Farrell Street plaza to the Gene Earl Suttle Memorial Plaza. Mr. King recalled the tremendous contributions of Mr. Suttle to the Agency's work in Western Addition and Hunters Point. Mr. King stated that the renaming of the plaza would be a well-deserved honor for Mr. Suttle and his family.

Commissioner Yee stated that he was honored to second Commissioner King's motion and that he had heard a lot of great things about Mr. Suttle's dedicated work at the Agency.

ADOPTION: IT WAS MOVED BY MR. KING, SECONDED BY MR. YEE, AND UNANIMOUSLY CARRIED (MR. DUNLOP ABSENT) THAT ITEM 4 (d) RESOLUTION NO. 197-2002, APPROVING THE RE-NAMING OF THE AREA KNOWN AS O'FARRELL STREET PLAZA LOCATED AT THE EAST SIDE OF FILLMORE AT O'FARRELL STREET AS THE GENE EARL SUTTLE MEMORIAL PLAZA SUBJECT TO THE NECESSARY APPROVALS AND DIRECTING THE EXECUTIVE DIRECTOR TO TAKE APPROPRIATE IMPLEMENTING ACTIONS; WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2, BE ADOPTED.

- 4 (e)** Resolution No. 198-2002, Authorizing a Seventh Amendment to the Exclusive Negotiations Agreement with Lennar/BVHP, LLC, a California limited liability company, to revise the schedule of performance and budget and extend the term for 12 months; Hunters Point Shipyard Redevelopment Project Area

Presenters: Don Capobres (Agency staff)

Speakers: Dorris M. Vincent, Roy Willis, Marcia Dale-LeWinter

Commissioner King put forth a motion to adopt item 4 (e) and stated that he was confident that steady progress was being made in the shipyard.

ADOPTION: IT WAS MOVED BY MR. KING, SECONDED BY MR. ROMERO, AND UNANIMOUSLY CARRIED (MR. DUNLOP ABSENT) THAT ITEM 4 (e) RESOLUTION NO. 198-2002, AUTHORIZING A SEVENTH AMENDMENT TO THE EXCLUSIVE NEGOTIATIONS AGREEMENT WITH LENNAR/BVHP, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, TO REVISE THE SCHEDULE OF PERFORMANCE AND BUDGET AND EXTEND THE TERM FOR 12 MONTHS; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- 4 (f) Resolution No. 199-2002, Authorizing a Maintenance and Management Agreement with the Port of San Francisco for three years, in an amount not to exceed \$390,000 for the first year and subject to appropriation of funds for the second and third years, for the provision of maintenance and management services for Rincon Park; Rincon Point-South Beach Redevelopment Project Area

Presenters: Amy Neches, June Bartholomew (Agency staff)

Commissioner Romero commended staff for a thoughtful presentation and put forth a motion to adopt item 4 (f).

President Sexton asked for clarification on the proposed maintenance budget for Rincon Park.

Ms. Amy Neches responded that the proposed \$390,000 maintenance budget consisted of \$290,000 from Agency funds earmarked in the Rincon Point – South Beach project budget and \$100,000 from the GAP pursuant to its obligations under the Disposition and Development Agreement to assist in the maintenance of Rincon Park. Ms. Neches added that the \$100,000 would flow directly to the Agency and the Agency would cause that amount to be transferred or directly paid to the Port of San Francisco in accordance with the maintenance agreement.

Commissioner Yee verified that the GAP had a commitment to provide one million dollars for the security of Rincon Park for ten years and asked what measures had been taken to plan for the end of that commitment and if staff had planned for increasing the Rincon Point – South Beach project budget to pay for the security after ten years.

Ms. Neches affirmed that the GAP was obligated to fund the security costs for Rincon Park for ten years at \$100,000 a year and staff would include a commensurate amount in the Rincon Point – South Beach project budget to accommodate the security costs after the ten year period.

Commissioner Yee asked if staff knew what the second and third year maintenance contract budgets were and if increases were anticipated.

Ms. Neches responded that any increases in the second and third years would only be attributable to Port staff salary increases and Agency staff would encumber the estimated contract amount but such monies would not be expended without the Commission's authorization for a second and third year contracts. Ms. Neches stated that she was not certain if there were anticipated increases in the second and third year contracts but would present the second year contract in the fall of 2003 for the Commission's consideration.

Commissioner Yee lent his support for the proposed contract and seconded Commissioner Romero's motion.

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MR. YEE, AND UNANIMOUSLY CARRIED (MR. DUNLOP ABSENT) THAT ITEM 4 (f) RESOLUTION NO. 199-2002, AUTHORIZING A MAINTENANCE AND MANAGEMENT AGREEMENT WITH THE PORT OF SAN FRANCISCO FOR THREE YEARS, IN AN AMOUNT NOT TO EXCEED \$390,000 FOR THE FIRST YEAR AND SUBJECT TO APPROPRIATION OF FUNDS FOR THE SECOND AND THIRD YEARS, FOR THE PROVISION OF MAINTENANCE AND MANAGEMENT SERVICES FOR RINCON PARK; RINCON POINT-SOUTH BEACH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

Items 4 (g) and (h) were presented together and acted upon separately.

- 4 (g)** Resolution No. 200-2002, Authorizing the Executive Director to Enter into a Tax Increment Loan Agreement with 480 Valencia, Inc., a California nonprofit corporation, for an amount not to exceed \$4,000,000 in conjunction with the acquisition, predevelopment, and rehabilitation of 63 very low income family rental units at Mariposa Gardens Apartments, 2445 Mariposa Street, as part of the Agency's Housing Preservation Program; Citywide Tax Increment Housing Program
- 4 (h)** Resolution No. 201-2002, Expressing the Intent of the Redevelopment Agency of the City and County of San Francisco to Issue Multifamily Mortgage Revenue bonds in one or more series in an amount not to exceed \$12,000,000 to finance the rehabilitation of residential facilities known as the Mariposa Gardens Apartments, 2445 Mariposa Street; as part of the Agency's Housing Preservation Program; Citywide Affordable Housing Program

Presenters: Pam Sims (Agency staff), Carlos Romero (MHDC)

Speakers: Lillian Boctor, Melania Millar, Alfred Velarde

Commissioner Yee stated that while he did not object to the project, he was concerned with the large amounts of public funds that was requested of the Agency Commission and asked if there were any sales agreement involved and if there was any broker in the transaction. Mr. Yee stated that he preferred to have copies of the sales documents for his review. Mr. Yee asked what the percentage of interest Mission Housing Development Corporation (MHDC) had on the property.

Ms. Pam Sims affirmed that there was a proposed purchase and sale agreement and that there was a broker in addition to an independent appraisal of the property. Ms. Sims informed the Commission that MHDC had one percent interest on the property.

Commissioner Yee stated that it always concerned him when developers requested big amounts of public funds from the Agency and they only had one percent interest on the property. Mr. Yee stated that his objective was to be fair to all developers and doubted that other developers could just come to the Agency and request millions of dollars for their projects.

Executive Director Marcia Rosen informed the Commission that the structure of a very small minority interest by the managing general partner was a common form of limited partnerships for HUD-financed housing developments. Ms. Rosen reminded the Commission that the Agency was a leader in the preservation of at-risk affordable housing and that San Francisco, unlike other cities, had not lost one at-risk unit. If there were a preservation purchase contemplated from one partner to the other, the Agency would entertain that as a means of preserving the affordable housing. Ordinarily, the small percentage of interest was a result of tax laws and financing for that particular development. Ms. Rosen explained that while it was true that MHDC had only one percent interest, it had also been the managing partner for many years and such percentage disparity was very common in most of the at-risk housing in the City.

Commissioner Yee thanked Ms. Rosen for the explanation and stated that he was familiar such transactions since he had been in the development business for almost 40 years. Mr. Yee asked if any other developer with only one percent ownership could come to the Agency and obtain millions of dollars of public funds.

Executive Director Rosen responded that the Agency would welcome the opportunity to discuss the Agency's Housing Preservation Program with any developer of an at-risk affordable housing development with the same structure as this regardless of whether the managing partner had a one, ten, or fifty percent interest. The key issue is whether there was one partner who

wanted to preserve the affordability and was willing to be bound by the programmatic terms of the Agency's Housing Preservation Program, which the Commission had wisely established, which provided for Agency ownership of the property, 99-year ground leases, participation of the tenants in the new board of directors of the single-asset corporation, and agreement with all Agency policies related to Agency funding.

Commissioner Yee stated that he hoped that other developers had the same opportunities as Mission Housing Development Corporation because he wanted to make sure that every developer was treated fairly. Mr. Yee stated that he supported the project and had known MHDC for a long time and his concerns were not directed to them. Mr. Yee stated that it was easy to obtain funds from the Agency if a developer was connected with staff and knew what the Agency was looking for to qualify for such funding. Mr. Yee requested that the Commission be provided with the sales contract and the broker for the sale and asked what the appraisal was for the property. Mr. Yee also asked whom the appraiser was and if it was a San Francisco broker. Mr. Yee asked when the transaction deadline was and who the broker was and what his commission was for the sale of the property.

Ms. Sims informed the Commission that the appraisal was just received and staff was still evaluating it, but the stated property value was \$10.9 million. Ms. Sims stated that the appraiser was Ritchie Hamilton who was a local appraiser and the transaction deadline was the end of 2002. Mr. Carlos Romero of MHDC informed the Commission that it was not using a broker, instead they were doing a direct transaction using MHDC's attorney for the sale transaction and because it was their own attorney, there was no commission for the transaction.

Commissioner Yee reiterated that his concerns were not directed to MHDC and what he cared about was the welfare of the tenants and the equal treatment of all developers for all Agency projects.

Commissioner Romero thanked the residents for coming to the meeting and directed his appreciation to the Hispanic resident who testified because it was important for the Commission to see the human faces that were affected by the Commission's actions. Mr. Romero stated that Commissioner Yee's points were well taken and that he appreciated Commissioner Yee's questions because he continued to learn a lot about real estate transactions from Commissioner Yee's long experience. Mr. Romero put forth a motion to adopt item 4 (g).

Commissioner Singh asked the following questions: (1) what was the interest rate on the loan, (2) what was the mode of payment to the Agency, (3) who was the underwriter for the proposed \$12 million bond, (4) who would occupy the units, (5) what was MHDC's equity, (6) what was the

difference between for-profit and non-profit developers and whether non-profit developers paid themselves and had salaries.

Ms. Sims informed the Commission that the interest rate on the predevelopment loan was three percent and the mode of payment was going to be determined when the permanent financing was secured. The bond underwriter had not yet been selected and the same tenants presently occupying the units would remain. MHDC had an equity investment worth \$1.3 million.

Mr. Olson Lee explained that the difference between for-profit and non-profit developers had more to do with how the sales proceeds were used and the overall mission of the developer. Non-profit developers devoted their proceeds to the preservation and development of affordable housing and for-profit developers were free to choose what to do with their proceeds, and in the case of MHDC, its equity investment and long tenure as managing partner was consistent with its mission to preserve and develop affordable housing. Mr. Lee stated that every developer, whether for-profit or non-profit, needed to cover the cost of its operations and MHDC would cover their operating costs as part of the Mariposa Gardens transaction as would other developers on other similar transactions.

Commissioner Singh seconded Commissioner Romero's motion to adopt item 4 (g).

Commissioner Palamountain thanked the tenants for coming and showing their support for the project. Ms. Palamountain enthusiastically supported the items and reaffirmed her commitment to the Agency's Affordable Housing Preservation Program, and applauded MHDC for its commitment to preserve affordable housing at the Mariposa Gardens. Ms. Palamountain thanked MHDC for maintaining quality housing units and providing support services for the tenants.

President Sexton inquired about the status of the Section 8 commitment that was expiring soon and asked if it was being renewed and when. Ms. Sexton asked if there was a developer fee for the project. Ms. Sexton requested staff to look into forming a co-bond counsel arrangement on a 50-50-partnership basis for the Mariposa Gardens and also future bond issuances.

Ms. Sims stated that the renewal of the Section 8 commitment was likely and that staff would know in the fall of 2003. There was a deferred developer fee in the amount of \$113,905.

Commissioner King stated that he was supporting the project and also understood Commissioner Yee's concerns about equal opportunity for other developers. Mr. King stated that the Agency was doing all it could to not lose the remaining Section 8 units in the City and acknowledged the good work of Mission Housing Development Corporation.

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MR. SINGH, AND UNANIMOUSLY CARRIED (MR. DUNLOP ABSENT) THAT ITEM 4 (g) RESOLUTION NO. 200-2002, AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TAX INCREMENT LOAN AGREEMENT WITH 480 VALENCIA, INC., A CALIFORNIA NONPROFIT CORPORATION, FOR AN AMOUNT NOT TO EXCEED \$4,000,000 IN CONJUNCTION WITH THE ACQUISITION, PREDEVELOPMENT, AND REHABILITATION OF 63 VERY LOW INCOME FAMILY RENTAL UNITS AT MARIPOSA GARDENS APARTMENTS, 2445 MARIPOSA STREET, AS PART OF THE AGENCY'S HOUSING PRESERVATION PROGRAM; CITYWIDE TAX INCREMENT HOUSING PROGRAM, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. ROMERO, AND UNANIMOUSLY CARRIED (MR. DUNLOP ABSENT) THAT ITEM 4 (h) RESOLUTION NO. 201-2002, EXPRESSING THE INTENT OF THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO TO ISSUE MULTIFAMILY MORTGAGE REVENUE BONDS IN ONE OR MORE SERIES IN AN AMOUNT NOT TO EXCEED \$12,000,000 TO FINANCE THE REHABILITATION OF RESIDENTIAL FACILITIES KNOWN AS THE MARIPOSA GARDENS APARTMENTS, 2445 MARIPOSA STREET; AS PART OF THE AGENCY'S HOUSING PRESERVATION PROGRAM; CITYWIDE AFFORDABLE HOUSING PROGRAM, BE ADOPTED.

- 4 (i) Workshop on the proposed Six on Sixth Economic Revitalization Program, South of Market Earthquake Recovery Redevelopment Project Area

Presenters: William Carney (Agency staff), Roger Gordon (Urban Solutions)

Speakers: Shelley Tito, Mike Reimden, Brian Sheehy, Marty Cerles, Henry Karnilowicz

Commissioner Yee stated his support for the program and thought that it was a marvelous program and thanked everyone involved with the Six on Sixth program. Mr. Yee recalled that the proposed budget of \$750,000 was said to be adequate, but thought that just one loan that could amount to \$250,000 for one business could deplete the money. Mr. Yee asked if the building improvement loans were secured by the deed of trust, and how the business loans were secured. Mr. Yee shared that he had a previous experience of not getting his money back because there was no remaining value in the property and urged staff to enforce the loan criteria and added that it was not a good idea to secure the business loan with equipment because the equipment could be moved elsewhere.

Mr. William Carney stated that staff would evaluate the loan requests and weigh the merits of each building and business improvement proposal. Mr. Carney stated that the available equity in a building would be used to secure the loan and staff would look to personal assets, other property held and business equipment to secure the business loans.

Executive Director Rosen added that the Agency's proposed business loan package was similar to the Mayor's Office of Community Development (MOCD) business loans that already have established loan-underwriting criteria and forms of collateral that were acceptable. Agency staff would work closely with MOCD using their successful models for increasing small businesses.

Commissioner Palamountain clarified that the program was to create business opportunity and that existing businesses would have access to the loans. Ms. Palamountain noted that there was no projection of return from the program and asked staff for comment.

Mr. Carney stated that staff expected some portions of the investment to be returned to the Agency, but certain amounts were to be forgiven to assist the small businesses. Mr. Carney added that the action item for the Commission's consideration would include projections of expected returns.

Commissioner Palamountain stated that she was supportive of the program and hoped that the Six on Sixth program would have great success so that in the future, there would be no need for public dollars for small businesses to open. Ms. Palamountain suggested that after the program was started, to focus on specific kinds of economic development activity on Sixth Street and thanked the existing business owners for their investment and continued participation and support for the program. Ms. Palamountain looked forward to seeing the action item on the proposed program.

Mr. Carney stated that the Agency would build on the experience of the initial year of the program that would hopefully build a critical mass of businesses that would attract other investments to come in to the area.

Commissioner Romero stated that he also looked forward to having an action item before the Commission and thanked the people who came and testified. Mr. Romero recalled that in the years that he had been on the Commission, it had approved millions of dollars for huge development projects and it seemed that the proposed program to infuse economic vitality on Sixth Street for much less money was one of the greatest challenges for the Agency. Mr. Romero remarked that the government had really not dealt with the problems on Sixth Street for a long time and felt that the Agency had the special tools not only to fund such a program but also to ensure its success. Mr. Romero expressed his greatest support for the proposed

program and stated that Sixth Street being the center of the City, deserved the attention and commitment of available Agency resources to address the blighted conditions and help revitalize the area.

President Sexton asked if the Agency's proposed facade improvement program was a duplicate of the MOCD's program, and whether business owners on Sixth Street could apply to the MOCD under its business loan program. Ms. Sexton asked about the success rate of the MOCD's business loan program.

Mr. Carney responded that the Agency's proposed facade improvement program was similar to that of MOCD and the loan amounts were the same.

Executive Director Rosen responded that Sixth Street business owners could apply to the MOCD for its citywide program, but that the MOCD did not have a business loan program for Sixth Street. Ms. Rosen added that the Agency's specific program would benefit from the successes of the MOCD program and staff continued to work closely with not only the MOCD, but also the Mayor's Office of Economic Development, in addressing both the physical and economic blighting conditions on Sixth Street. The City was attempting to coordinate the citywide efforts to revitalize distressed commercial districts. The hope was that in the future, there would be a citywide business loan program that all business owners, including those on Sixth Street, would be able to access.

Mr. Al Lerma of the MOCD informed the Commission that they recorded security on all of their business loans and used a loan-servicing agent that collected payments and helped monitor the program. There was currently a 10% default rate on the business loans, with an outstanding receivable balance of about \$7 million on approximately 70 loans. Mr. Lerma added that his office worked closely with Agency staff and Urban Solutions to develop the loan underwriting criteria for the Agency's program. The MOCD was also working on expanding their facade improvement program to other districts in the City and would work with the Agency to coordinate and have unified guidelines for the program.

5. **MATTERS NOT APPEARING ON THE AGENDA** None.

6. **PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA, BUT AGENCY RELATED MATTERS**

- Mary Helen Rogers, Harold Yee, Essie Collins

7. REPORT OF THE PRESIDENT

- President Sexton shared that she regularly received telephone calls from the development community who were working with the Agency and thanked them for their interest and participation, but she urged people with pending items before the Commission to work directly with staff and to communicate through staff. Ms. Sexton informed the public that she would not return telephone calls on subject matters that were pending before the Commission, and the best way to get a response was to work through staff.
- President Sexton shared that she was on Fillmore Street during the weekend and observed that the street did not look different and in some aspect, looked worse than before the maintenance program started and asked for an update. Ms. Sexton also observed that there were not enough trash receptacles along the street and thought that might help.

Executive Director Rosen stated that staff was also concerned with the conditions of the street and reported that Ms. June Bartholomew, the Agency's Property Management Supervisor, had met with KTB and conducted another walking tour to identify problems and issues to be followed up on. One of the conclusions was that the initial power scrubbing on the street was not enough to remove the embedded stains and grit on the sidewalks. Ms. Rosen stated that she would be meeting with property management staff and would report back to the Commission.

8. REPORT OF THE EXECUTIVE DIRECTOR

- Reported that the appeal filed for the 827 Howard Street project (Gene Coleman Senior Community) had been withdrawn and the HUD closing was proceeding and that an agreement between the project sponsor TODCO and the Clementina Towers residents had been entered into to ensure the provision of services.
- Reminded the Commission of the grand opening of the Bayview Commons on November 20th from noon to 2:00 p.m. at 4445 Third Street – Western Addition's Bobby Webb would be performing.
- Received quite a number of responses to the Request for Qualifications for the promotions office in the Fillmore district and will update the Commission in the near future.

- The Small Business Commission was sponsoring a merchant walk of the Fillmore Street business corridor on November 20th at 10:00 a.m. and would meet at Harry's Joint at 1651 Fillmore and Post Streets.
- Tentative date of December 4th for the Board of Supervisors Finance Committee to consider the Jessie Square Public Improvement and Garage project that the Commission recently approved.
- Mid-Market Draft EIR: December 4th hearing before the Landmarks Preservation Advisory Board at 12:30 p.m. and December 12th hearing before the City Planning Commission at 12:30 p.m., both in room 400, City Hall. The written public comment period had been extended to December 17th at 5:00 p.m.
- Transbay Draft EIS/EIR: Special meeting of the City Planning Commission on Tuesday, November 26th at 12:30 p.m. in room 400, City Hall. The written public comment period had been extended to December 6th at 5:00 p.m.
- Contact person for Mid-Market – Lisa King and for Transbay – David Habert, both from the Agency's Planning Division.

9. COMMISSIONERS QUESTIONS AND MATTERS

- Commissioner King stated that the Agency did not have the funding to authorize the proposed holiday celebration for the Fillmore Jazz Preservation District and shared that Executive Director Rosen was going to send a letter to the merchants association informing them that Agency staff working with the community, would do a limited holiday program for the Fillmore area.
- Commissioner King inquired about the street cleaning on Fillmore Street and asked if the Department of Public Works did not have some responsibility for street cleaning on Fillmore Street.

Executive Director Rosen responded that the Agency had some of the responsibility because the area was within a redevelopment project area and after she met with property management staff, she would prepare a report to the Commission.

- Commissioner Yee stated for the record that he had no relationship with Asian Inc. and Harold Yee and that he had no brother-in-law working at Asian Inc. Mr. Yee stated that because of accusations against him, he had not been attending Asian Inc. events to avoid criticisms. Mr. Yee stated that he was disturbed with the staff

memorandum regarding the termination of the DDA with Asian Inc. and requested that the matter be calendared at the November 26th Commission meeting.

- Commissioner Singh agreed with Commissioner Yee and supported his request.
- President Sexton clarified that Commissioner Yee made a motion and that Commissioner Singh seconded the motion. Both Commissioners Yee and Singh affirmed. President Sexton requested a roll call vote.

MOTION: IT WAS MOVED BY MR. YEE, SECONDED BY MR. SINGH, THAT THE MATTER RELATING TO THE DDA WITH ASIAN INC. FOR THE 474 NATOMA STREET PROJECT BE CALENDARERD FOR THE COMMISSION MEETING OF NOVEMBER 26, 2002, AND ON ROLL CALL THE FOLLOWING VOTED "AYE":

Mr. King
Mr. Singh
Mr. Yee

AND THE FOLLOWING VOTED "NAY":

Ms. Palamountain
Mr. Romero
Ms. Sexton

AND THE FOLLOWING WERE ABSENT:

Mr. Dunlop

THE SECRETARY DECLARED THE RESULTS OF THE ROLL CALL VOTE, THREE (3) AYES, THREE (3) NAYS AND ONE (1) ABSENT.

THE PRESIDENT THEREUPON DECLARED THAT THE MOTION FAILED.

- Commissioner King stated that he did not understand why the request for a hearing was voted down and felt that Commissioners who voted against having the hearing should state their reasons for not against the hearing.

- Commissioner Yee concurred with Commissioner King's statements and reminded the Commission that it was engaged in a democratic process and was duty bound to promote equal treatment for everybody. Mr. Yee reiterated that he had no relations with Asian Inc. and that Asian Inc. had been recognized as a leader in the development community and deserved to have the opportunity to be heard.
- Commissioner Romero stated that his reasons for voting against the hearing was the same reasons that were stated in the staff memorandum and solely based on that. Mr. Romero noted that the staff memorandum listed the failures of the developer to comply with the provisions of the DDA and did not meet Agency requirements. Mr. Romero stated that he did not see anything improper and thought that the developer was treated fairly and had plenty of opportunity to work with Agency staff and that there was no need for a hearing.
- President Sexton agreed with Commissioner Romero's statements and stated that her vote was based on the staff memorandum and she fully supported the staff's recommendation.
- Commissioner Yee stated that he had served many years as a Commissioner for the City, State and Federal governments and believed that the Agency Commission was not giving equal opportunity to a well-respected developer in the City, and noted that the loan agreement presented by Well Fargo Bank was not accepted by staff. Mr. Yee stated that the Chair who was new to the Commission and did not have the history of the project and did not know the developer's contributions to the Chinese-American community, just voted against the hearing without giving time to the developer to present its side of the story and was very disturbed with vote of the Commission.
- Commissioner King stated that he had also read the staff memorandum and was not clear if the termination date of December 5th could be extended.

Executive Director Rosen responded that DDA provisions stated that the termination would become effective 21 days following the notice of termination unless the Commission at a public hearing determined to change that. Ms. Rosen added that as authorized by the Commission, she had given the developer a 90-day extension in July 2002 and at the end of that extension, there were still failures to comply with the provisions of the DDA.

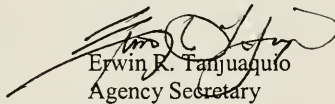
10. CLOSED SESSION:

- (a) Closed Session: Pursuant to Government Code § 54956.8 to instruct the Agency's real property negotiators in connection with a sublease of the harbor services building at South Beach Harbor with the South Beach Yacht Club; Rincon Point-South Beach Redevelopment Project Area. Agency negotiators: Amy Neches, Jim Nybakken, Tracie Reynolds, Ricky Tijani, Barbara Amato

11. ADJOURNMENT

It was moved by Ms. Palamountain, seconded by Mr. Romero, and unanimously carried that the meeting be adjourned. The meeting adjourned at 7:46 p.m.

Respectfully submitted,



Erwin R. Tanjuaquino
Agency Secretary

APPROVED:

December 10, 2002

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
26TH DAY OF NOVEMBER 2002

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 4:00p.m. on the 26th day of November 2002, at the place and date duly established for holding of such a meeting.

President Michelle W. Sexton called the meeting to order at 4:00 p.m. Ms. Sexton welcomed members of the public and asked that cell phones and pagers be turned off during the meeting.

1. RECOGNITION OF A QUORUM

The Commission Secretary announced the presence of a quorum with the following Commissioners present.

Michelle W. Sexton, President
Ms. Palamountain, Vice-President
Mark Dunlop (departed @ 6:25 p.m.)
Leroy King
Ramon E. Romero
Darshan Singh
Benny Y. Yee (arrived @ 4:06 p.m.)

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Marcia Rosen, Executive Director and staff members were also present.

2. REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY. None.

3. MATTERS OF UNFINISHED BUSINESS: None.

4. MATTERS OF NEW BUSINESS:

CONSENT AGENDA

4 (a) Approval of Minutes: Meeting of November 12, 2002

- 4 (b) Resolution No. 202-2002, Authorizing a Sixth Amendment to the Personal Services Contract with the Market Street Association, a California non-profit public benefit corporation, to increase the contract amount by \$40,000, for a total aggregate amount not to exceed \$341,000 and to extend the term until June 30, 2003, for administrative and community outreach services in support of the Mid-Market Project Area Committee; Mid-Market Redevelopment Survey Area

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MS. PALAMOUNTAIN, AND UNANIMOUSLY CARRIED (MR. YEE ABSENT) THAT CONSENT AGENDA ITEMS 4 (a) APPROVAL OF MINUTES: MEETING OF NOVEMBER 12, 2002, AND 4 (b) RESOLUTION NO. 202-2002, AUTHORIZING A SIXTH AMENDMENT TO THE PERSONAL SERVICES CONTRACT WITH THE MARKET STREET ASSOCIATION, A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION, TO INCREASE THE CONTRACT AMOUNT BY \$40,000, FOR A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$341,000 AND TO EXTEND THE TERM UNTIL JUNE 30, 2003, FOR ADMINISTRATIVE AND COMMUNITY OUTREACH SERVICES IN SUPPORT OF THE MID-MARKET PROJECT AREA COMMITTEE; MID-MARKET REDEVELOPMENT SURVEY AREA, BE ADOPTED.

Items 4 (c) and 4 (d) were presented together and acted upon separately.

REGULAR AGENDA

- 4 (c) Resolution No. 203-2002, Authorizing the creation of an Economic Revitalization Program known as "Six on Sixth" and the allocation of funding in the amount of \$750,000, to provide loans and technical assistance to business and property owners on Sixth Street; South of Market Earthquake Recovery Redevelopment Project Area
- 4 (d) Resolution No. 204-2002, Authorizing a Third Amendment to the Letter Agreement with the Mayor's Office of Community Development, to extend the term through December 31, 2003, and to increase the maximum amount payable by \$592,000, for implementation of the Economic Revitalization Program known as "Six on Sixth", for an aggregate amount not to exceed \$2,085,713; South of Market Earthquake Recovery Redevelopment Project Area

Presenters: William Carney (Agency staff)

Commissioner Palamountain put forth a motion to adopt item 4 (c).

Commissioner Dunlop stated that he was sorry to have missed the previous meeting when the workshop was held. Mr. Dunlop asked for a breakdown of Urban Solutions' budget and the programs they administer. Mr. Dunlop asked if the all of the funds came from the Agency.

Mr. William Carney responded that Urban Solutions had an existing contract budget of \$261,233 to provide technical assistance to property and business owners, assistance in the Agency's basement program and to develop the Six on Sixth program. Mr. Carney stated that most of this money had been expended. \$562,000 had been identified specifically for the Six on Sixth program and only \$68,000 of that amount was going to Urban Solutions and the rest for the program itself. Mr. Carney stated that all of the funding came from the Agency.

Commissioner Dunlop requested a written breakdown of the proposed budget and asked for staff's definition of the anticipated success of the program. Mr. Dunlop asked what the qualifications were for the forgivable or unforgeivable loans.

Mr. Carney responded that part of the success of the program would be the leasing of most of the 30% of vacant retail space along the street. In addition, success would be rated on a building-by-building and loan-by-loan basis as well as the transformation of formerly vacant or non-usable space to occupied operable retail spaces. Mr. Carney added that the eventual improvements to the buildings through facade improvements would also contribute to the program's success, and with these improvements and activities on the street, there would be a reduction of crime along the street. The loan program also puts more responsibilities upon the property owners and businesses to maintain the sidewalks in front of their establishments. Mr. Carney explained that for the facade improvement loans, up to \$9,500 would be forgivable, which had to be matched with the owner or business' capital investment. In the case where the loan amount exceeded the forgivable amount of \$9,500, the remaining amount would be repaid back to the Agency. Likewise for the tenant improvement loans, some portion would be paid back to the Agency. There were no forgivable loans for the business assistance program. Mr. Carney added that the portions of the loans to be paid back to the Agency would have a six percent interest rate.

Commissioner Dunlop stated that he endorsed the proposed program and seconded Commissioner Palamountain's motion to adopt item 4 (c). Mr. Dunlop suggested that a residential component to provide assistance to tenants be looked at as well.

Commissioner Singh asked how many staff persons worked at Urban Solutions and what their functions were. Mr. Singh stated that he would have liked to see the workforce breakdown for Urban Solutions. Mr. Singh requested information about the Urban Solutions' staff and their salaries as well as their work functions.

Mr. Roger Gordon, Executive Director of Urban Solutions, informed the Commission that there were currently four people that worked at Urban Solutions, an executive director, a business development specialist, a program development manager and a controller/administrative specialist. Mr. Gordon added that they were looking to add an economic development specialist and a part-time administrative assistant.

Executive Director Rosen stated that the requested information would be provided to the Commission. Mr. Carney pointed out that the breakdown of the proposed budget was included in the Commission memorandum.

Commissioner Yee asked for an explanation of how the loans would be secured and administered and specifically described what was known as a UCC-1 business loan.

Mr. Carney stated that Agency staff working with Urban Solutions and the Mayor's Office of Community Development (MOCD), would look at the unencumbered value of the property to qualify for the loans. Mr. Al Lerma of the MOCD explained that they had an existing system that would be used to service the loans under the proposed program and that various forms of security were recorded with the Secretary of State's office including the UCC-1 financing statement, which was a blanket lien on all of the business' assets. Mr. Lerma added that they also had a collections process in place and worked with the Bureau of Delinquent Revenue at the Treasurer and Tax Collector's office, which was the City's collection agent to pursue judgments and liens on unpaid loans.

Commissioner Yee thanked Mr. Lerma and lent his support for the proposed program.

ADOPTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. DUNLOP, AND UNANIMOUSLY CARRIED THAT ITEM 4 (c) RESOLUTION NO. 203-2002, AUTHORIZING THE CREATION OF AN ECONOMIC REVITALIZATION PROGRAM KNOWN AS "SIX ON SIXTH" AND THE ALLOCATION OF FUNDING IN THE AMOUNT OF \$750,000, TO PROVIDE LOANS AND TECHNICAL ASSISTANCE TO BUSINESS AND PROPERTY OWNERS ON SIXTH STREET; SOUTH OF MARKET EARTHQUAKE RECOVERY REDEVELOPMENT PROJECT AREA, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. SINGH, THAT ITEM 4 (d) RESOLUTION NO. 204-2002, AUTHORIZING A THIRD AMENDMENT TO THE LETTER AGREEMENT WITH THE MAYOR'S OFFICE OF COMMUNITY DEVELOPMENT, TO EXTEND THE TERM THROUGH DECEMBER 31, 2003, AND TO INCREASE THE MAXIMUM AMOUNT PAYABLE BY \$592,000, FOR IMPLEMENTATION OF THE ECONOMIC REVITALIZATION PROGRAM KNOWN AS "SIX ON SIXTH", FOR AN AGGREGATE AMOUNT NOT TO EXCEED \$2,085,713; SOUTH OF MARKET EARTHQUAKE RECOVERY REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- 4 (e) Resolution No. 205-2002, Authorizing a First Amendment to the 2002-2003 Housing Opportunities for Persons With AIDS (HOPWA) Fiscal Agent Agreement with the County of San Mateo, to increase the contract amount by \$297,000, for a total aggregate amount not to exceed \$1,052,000, for acquisition of two HOPWA units as part of the HOPWA Program

Presenters: Chris Harris (Agency staff)

Commissioner Dunlop put forth a motion to adopt item 4 (e) and shared that he had gone to San Mateo to see their program and commended John Connelly for his hard work.

ADOPTION: IT WAS MOVED BY MR. DUNLOP, SECONDED BY MR. YEE, AND UNANIMOUSLY CARRIED THAT ITEM 4 (e) RESOLUTION NO. 205-2002, AUTHORIZING A FIRST AMENDMENT TO THE 2002-2003 HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA) FISCAL AGENT AGREEMENT WITH THE COUNTY OF SAN MATEO, TO INCREASE THE CONTRACT AMOUNT BY \$297,000, FOR A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$1,052,000, FOR ACQUISITION OF TWO HOPWA UNITS AS PART OF THE HOPWA PROGRAM, BE ADOPTED.

- 4 (f) Resolution No. 206-2002, Authorizing the expenditure of \$500,000 to provide construction bonds and loan guarantees as part of the Citywide Surety Bond Program Guarantee Pool administered by the Human Rights Commission of the City and County of San Francisco

Presenters: Chris Iglesias (Agency staff)

Commissioner Palamountain asked if the \$500,000 guarantee could only be used for outside contractors.

Mr. Chris Iglesias explained that the loan guarantees would apply to non-local or non-San Francisco contractors and for San Francisco-based contractors, the Agency and the City would rely on the existing program. Mr. Iglesias added that the City's Surety Bond Program supplemented the Agency's program.

President Sexton asked if the Agency was using the same definition of the Bay Area as the San Francisco Airport.

General Counsel Bertha A. Ontiveros responded that the San Francisco Airport used a six-county Bay Area definition and the City and the Agency used the nine-county Bay Area definition as part of their program.

ADOPTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. DUNLOP, AND UNANIMOUSLY CARRIED THAT ITEM 4 (f) RESOLUTION NO. 206-2002, AUTHORIZING THE EXPENDITURE OF \$500,000 TO PROVIDE CONSTRUCTION BONDS AND LOAN GUARANTEES AS PART OF THE CITYWIDE SURETY BOND PROGRAM GUARANTEE POOL ADMINISTERED BY THE HUMAN RIGHTS COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO, BE ADOPTED.

5. MATTERS NOT APPEARING ON THE AGENDA None.
6. PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA, BUT AGENCY RELATED MATTERS
 - Michael Chan, Daisy Cruz, Ed Jocson
7. REPORT OF THE PRESIDENT
 - President Sexton thanked the Executive Director for the Parcel 732-A update and that it was helpful information for the Commission.
8. REPORT OF THE EXECUTIVE DIRECTOR
 - Additional informational memorandum regarding the 474 Natoma Street Project providing most recent updates following meeting with Harold Yee. Ms. Rosen stated that she believed that staff had done a thorough review of the issues that resulted in the recommendation to the Commission.

- Holiday event on November 30th at the Carousel at the Yerba Buena Gardens.
- November 20th grand opening of the Bayview Commons at Third and LaSalle Streets where many members of the City family were in attendance.
- Installation of the “Cupid’s Span” sculpture at the Rincon Park.
- Reminded the public about upcoming City Planning Commission hearings regarding the Transbay Draft EIS/EIR: Special meeting held by the City Planning Commission on Tuesday, November 26th at 12:30 p.m. in room 400, City Hall, with the written public comment period extended to December 6th at 5:00 p.m. For the Mid-Market Draft EIR: December 4th hearing before the Landmarks Preservation Advisory Board at 12:30 p.m. and December 12th hearing before the City Planning Commission at 12:30 p.m., both in room 400, City Hall. The written public comment period had been extended to December 17th at 5:00 p.m.
- November 25th meeting of the PIDC Board of Directors regarding the continuing development of the Plaza Hotel. Plaza Hotel residents were in attendance and the Board voted to recommend approval of the schematic design and scheduled the matter for the Commission’s consideration on December 17th.
- Update on the proposed Mission Creek Senior Housing project with 140 senior housing units, a public library, a childcare center and office space for non-profit organizations. The ability to attract tenants for the non-profit space had been hampered due to the present difficulty of the real estate economy and staff was reevaluating the project’s design and would provide more information to the Commission in the near future.
- No Commission meeting on December 3rd.
- Ms. Rosen wished the Commission a Happy Thanksgiving.

9. COMMISSIONERS QUESTIONS AND MATTERS

- Commissioner Palamountain reported that the PIDC Board of Directors met on November 25th and approved the basic concept design for the Plaza Hotel. Ms. Palamountain thanked the PIDC staff for its good work and shared that staff looked at other single-room occupancy hotels to come up with the best design and that there was continuing dialogue with the community. Ms. Palamountain commented that the proposed design had wide corridors that made it look more like a home and not institutional. Ms. Palamountain informed the Commission and the public that the January PIDC Board meeting to discuss relocation issues was going to be held at the Plaza Hotel and encouraged everyone to attend.
- Commissioner Yee stated that he was excited to hear about the PIDC's progress with the Plaza Hotel and commended Commissioner Palamountain for doing an outstanding job representing the Commission on the board. Mr. Yee stated for the record that he had no relative that worked for Asian Inc., specifically no brother-in-law. Mr. Yee stated that Asian Inc. was considered to be one of the best developers in the City with over 20 years of experience managing over 600 housing units and he could not understand why the Commission voted down his request for a hearing at the previous meeting. Mr. Yee stated that as a Commissioner, he was duty bound to speak up when he saw unfair treatment because he was devoted to serve the City and County of San Francisco. Mr. Yee stated that he was not a yes person and would always make an independent decision and based upon the testimony provided by Asian Inc., they had fulfilled their obligations under the DDA and the Commission should conduct a hearing to discuss the recommended termination. Mr. Yee recalled that the Commission President stated that she trusted staff's analysis and recommendation, but opined that the Commission should not rubber-stamp everything that the staff recommended. Mr. Yee stated that he was proud of the work of the South of Market PAC, in particular its recommendation to delete language in the redevelopment plan that gave preference to local non-profit developers. Mr. Yee stated that he felt that the Commission was accountable to the whole City and should consider actions that might have negative impacts upon the Mayor. Mr. Yee stated that each Commissioner took an oath to be independent and by not having a hearing, he opined that there was no need for a Commission because not everyone was given equal opportunity. Mr. Yee put forth a motion to place on the December 10th meeting, the matter regarding the DDA with Asian Inc.
- Commissioner Singh seconded Commissioner Yee's motion.

- Commissioner King recalled that many years ago when the Commission was trying to break-up the monopoly of one or two developers in the South of Market, Asian Inc. was one of the first developers to break through and built the first affordable housing development along Sixth Street and they deserve to be heard. Mr. King stated that he did not see any harm in conducting a hearing to have a Commission discussion about the recommended termination. Mr. King stated that he had always taken issue with staff terminating contracts without the Commission's authorization and opined that staff should not be making determinations on the terminations of contracts because he felt that would set a bad precedent. Mr. King agreed with Commissioner Yee's statements and stated his support to have a hearing. Mr. King stated that he did not understand why the Commission could not agree to conduct a hearing.
- President Sexton stated that like Commissioner Yee, she was independent and not a follower and as the newest member of the Commission, she had the opportunity to read most of the material provided by staff and she believed in empowering staff as the Commission had in the past. Ms. Sexton recalled that the Commission had granted extensions in the past and that she did not believe in revisiting issues over and over. Ms. Sexton stated that with respect to Parcel 732-A and all of the extensions that were granted, she would have voted against the extensions had she been a member of the Commission.
- Commissioner Yee stated that in President Sexton's work as a lawyer, she had to give respect to everyone and he felt that it was not democratic to vote against a hearing simply on the basis of staff's recommendation.
- Commissioner Dunlop asked if the situation with Asian Inc. was part of the Agency's standard procedures.

Executive Director Rosen referred to the provisions of the DDA with Asian Inc. and stated that the DDA provided for the notice of termination taking effect 21 days following such notice unless the Commission determined otherwise after a public hearing. Ms. Rosen stated that throughout the process, she employed the standard practice of keeping the Commission informed of significant events on development projects such as 474 Natoma. Ms. Rosen met with Harold Yee and his counsel the previous week, and staff only received the enumerated documents during the past three days. Ms. Rosen added that as authorized by the Commission, she granted a 90-day extension in July and at the end of that time, there was still no compliance. Despite Asian

Inc.'s flurry of activity in the last 48 hours leading up to the Commission meeting to provide the necessary documents described in the informational memorandum provided to the Commission at the meeting, there was still failure to comply with the terms of the DDA. Ms. Rosen pointed out that the terms of the DDA, including the performance milestones, were set and approved by the Commission and not staff. Ms. Rosen added that all of the materials recently submitted by Asian Inc. had been thoroughly and carefully reviewed, not only by her, but also project management and legal staff.

- Commissioner Dunlop stated that this was a tough decision for the Commission like it was for Parcel 732-A even after many years of non-activity, but it was not a reflection of Asian Inc.'s ability as a developer, but was a matter of contractual obligations under the agreed upon terms of the DDA. Mr. Dunlop stated that he had no doubt that the Commission was still supportive of developing affordable housing on the 474 Natoma site, but must now look to another developer who could fulfill the requirements of the DDA. Mr. Dunlop stated that he felt that the public would not be served with another hearing on the matter.
- Commissioner Yee reiterated that Asian Inc. had no opportunity to be heard by the Commission and felt that was unfair treatment. Mr. Yee recalled that former Executive Director James Morales had also worked on the project and resolved the 20% insurance issue. Mr. Yee also alleged that Kate Hartley of the Housing Division did not accept the loan commitment letter from Wells Fargo Bank even though that was the standard loan commitment for all developers. Mr. Yee remembered a suggestion from Commissioner Palamountain for a small community center and asserted that Asian Inc. followed through with it, but staff rejected it. Asian Inc. had spent a tremendous amount of time working with staff, and now, staff was recommending a termination. Mr. Yee stated that he had never witnessed a situation where the Commission did not give the opportunity for the other side to be heard.
- Commissioner King stated that the Commission was supposed to serve the public and hear from all sides and did not understand why the Commission was fearful to hold a hearing. Mr. King recalled that the \$250 million housing bond measure that was defeated at the last election was because some of the citizens were of the opinion that the City had not done a good job in administering the program and that was why the ballot measure was defeated. Mr. King stated that he would vote to have a hearing on the matter.

MOTION: IT WAS MOVED BY MR. YEE, SECONDED BY MR. SINGH, TO PLACE ON THE DECEMBER 10, 2002 COMMISSION MEETING AGENDA, THE MATTER REGARDING THE DEVELOPMENT AND DISPOSITION AGREEMENT WITH ASIAN INC. FOR THE 474 NATOMA STREET PROJECT, AND ON ROLL CALL, THE FOLLOWING VOTED “AYE”:

Mr. King
Mr. Singh
Mr. Yee

AND THE FOLLOWING VOTED “NAY”:

Mr. Dunlop
Ms. Palamountain
Mr. Romero
Ms. Sexton

THE SECRETARY DECLARED THE RESULTS OF THE ROLL CALL VOTE, THREE (3) AYES AND FOUR (4) NAYS.

THE PRESIDENT THEREUPON DECLARED THAT THE MOTION FAILED.

- Commissioner Dunlop shared that he had received an inquiry from a member of the public regarding attendance at the loan committee meetings held by the Agency and asked staff if the loan committee meetings were subject to the City’s Sunshine Ordinance and/or the Brown Act and requested a memorandum from staff.

Executive Director Rosen stated that a report would be prepared and provided to the Commission at a future Commission meeting.

10. CLOSED SESSION:

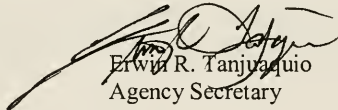
- (a) Pursuant to Government Code § 54957.6 to instruct Agency’s designated representatives to negotiate with San Francisco Redevelopment Employees Association (Professional/ Technical Unit). Agency negotiators: Marcia Rosen, Ayisha Benham and Ora Meacham.

- (b) Pursuant to Government Code § 54956.8 to instruct the Agency's real property negotiators with respect to price and terms of payment. The property is Agency parcel 732-A located on Fillmore Street, between Ellis and Eddy Streets, Western Addition Redevelopment Project Area A-2 and the party with whom the Agency may negotiate is Fillmore Development Associates. Agency negotiators: Marcia Rosen, Joanne Sakai, Tracie Reynolds, Shirley Wysinger and Ricky Tijani.

11. ADJOURNMENT

It was moved by Mr. Singh, seconded by Mr. Yee, and unanimously carried that the meeting be adjourned. The meeting adjourned at 6:55 p.m.

Respectfully submitted,



Erwin R. Tanjuaquino
Agency Secretary

APPROVED:

December 17, 2002

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
10TH DAY OF DECEMBER 2002

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 4:00p.m. on the 10th day of December 2002, at the place and date duly established for holding of such a meeting.

The Commission met in a Special Meeting as the Housing Committee of the Affordable Housing and Home Ownership Bond Program before commencing the Regular Agency Meeting Agenda. The Housing Committee meeting was called to order at 4:00 p.m. and adjourned at 4:25 p.m.

President Michelle W. Sexton called the meeting to order at 4:30 p.m. Ms. Sexton welcomed members of the public and asked that cell phones and pagers be turned off during the meeting.

1. **RECOGNITION OF A QUORUM**

The Commission Secretary announced the presence of a quorum with the following Commissioners present.

Michelle W. Sexton, President
Kathryn C. Palamountain, Vice-President
Leroy King
Ramon E. Romero
Benny Y. Yee

And the following were absent:

Mark Dunlop
Darshan Singh

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Marcia Rosen, Executive Director and staff members were also present.

2. **REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY.** None.

3. **MATTERS OF UNFINISHED BUSINESS:** None.

4. MATTERS OF NEW BUSINESS:

CONSENT AGENDA

- 4 (a)** Approval of Minutes: Meeting of November 19, 2002
- 4 (b)** Resolution No. 208-2002, Authorizing an Amendment to the Exclusive Negotiations period to extend the term for six months and a First Amendment to a Predevelopment Grant Agreement to modify the schedule of performance with Conard House, Inc., a California nonprofit public benefit corporation, for the acquisition and rehabilitation of 55 very low income rental units at the Jordan Apartments, 820 O'Farrell Street; Citywide Tax Increment Affordable Housing Program

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MS. PALAMOUNTAIN, AND UNANIMOUSLY CARRIED (MR. DUNLOP AND MR. SINGH ABSENT) THAT CONSENT AGENDA ITEMS 4 (a) APPROVAL OF MINUTES: MEETING OF NOVEMBER 19, 2002, AND 4 (b) RESOLUTION NO. 208-2002, AUTHORIZING AN AMENDMENT TO THE EXCLUSIVE NEGOTIATIONS PERIOD TO EXTEND THE TERM FOR SIX MONTHS AND A FIRST AMENDMENT TO A PREDEVELOPMENT GRANT AGREEMENT TO MODIFY THE SCHEDULE OF PERFORMANCE WITH CONARD HOUSE, INC., A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, FOR THE ACQUISITION AND REHABILITATION OF 55 VERY LOW INCOME RENTAL UNITS AT THE JORDAN APARTMENTS, 820 O'FARRELL STREET; CITYWIDE TAX INCREMENT AFFORDABLE HOUSING PROGRAM, BE ADOPTED.

REGULAR AGENDA

Items 4 (c) and 4 (d) were presented together and acted upon separately.

- 4 (c)** Resolution No. 209-2002, Authorizing the Issuance, Sale and Delivery of Variable Rate Demand Multifamily Housing Revenue Bonds, 2002 Series A (Leland Polk Senior Community) in an aggregate amount not to exceed \$10,200,000; determining and prescribing certain related matters; and Approving and Authorizing related actions and the execution and delivery of related documents

- 4 (d) Resolution No. 210-2002, Authorizing an Amended and Restated Standby Payment Agreement with Mercy Housing California XVIII, L.P., a California limited partnership, and with the Leland Polk Senior Community permanent lender, in an amount not to exceed \$6,000,000, plus applicable interest and other associated costs, to guarantee the payment of certain mortgage revenue bonds for the acquisition and rehabilitation of 72 units of very low income senior housing at the Leland Polk Senior Community, 1301-1327 Polk Street; Citywide Tax Increment Affordable Housing Program

Presenters: Kate Hartley (Agency staff)

General Counsel Bertha A. Ontiveros advised the Commission that staff was proposing additional language to Resolution No. 209-2002 pertaining to the issuance, sale and delivery of variable rate demand multifamily housing revenue bonds, 2002 Series A for the Leland Polk Senior Community to add a sixth recital to the resolution stating that "The Agency determines that the certain swap agreement between the Agency and the underwriter dated December 1, 2002 is designed to reduce the amount or the duration of the payments in the interest rate to be paid on the bonds, thereby resulting in a lower cost of borrowing when used in combination with the issuance of the bonds or enhancing the relationship between the risk and return with respect to the investment or program investment in connection with or incident to, the swap agreement." Ms. Ontiveros explained that this language was required by statute and was left out inadvertently, and the same amendment would apply to item 4 (i) on the Agenda.

Commissioner Romero put forth a motion to adopt item 4 (c) with the amendment. Commissioner Palamountain seconded the motion.

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MS. PALAMOUNTAIN, AND UNANIMOUSLY CARRIED (MR. DUNLOP AND MR. SINGH ABSENT) THAT ITEM 4 (c) RESOLUTION NO. 209-2002, AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS, 2002 SERIES A (LELAND POLK SENIOR COMMUNITY) IN AN AGGREGATE AMOUNT NOT TO EXCEED \$10,200,000; DETERMINING AND PRESCRIBING CERTAIN RELATED MATTERS; AND APPROVING AND AUTHORIZING RELATED ACTIONS AND THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS AS AMENDED, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MS. PALAMOUNTAIN, AND UNANIMOUSLY CARRIED (MR. DUNLOP AND MR. SINGH ABSENT) THAT ITEM 4 (d) RESOLUTION NO. 210-2002, AUTHORIZING AN AMENDED AND RESTATED STANDBY PAYMENT AGREEMENT WITH MERCY HOUSING CALIFORNIA XVIII, L.P., A CALIFORNIA LIMITED PARTNERSHIP, AND WITH THE LELAND POLK SENIOR COMMUNITY PERMANENT LENDER, IN AN AMOUNT NOT TO EXCEED \$6,000,000, PLUS APPLICABLE INTEREST AND OTHER ASSOCIATED COSTS, TO GUARANTEE THE PAYMENT OF CERTAIN MORTGAGE REVENUE BONDS FOR THE ACQUISITION AND REHABILITATION OF 72 UNITS OF VERY LOW INCOME SENIOR HOUSING AT THE LELAND POLK SENIOR COMMUNITY, 1301-1327 POLK STREET; CITYWIDE TAX INCREMENT AFFORDABLE HOUSING PROGRAM, BE ADOPTED.

- 4 (e) Resolution No. 211-2002, Conditionally Approving a Revised Schematic Design, including a public art element and light tower for the Market Street Plaza, and other design refinements for the Yerba Buena Lane between Market and Mission Streets, east of the Marriott Hotel, Central Block 1; Yerba Buena Center Redevelopment Project Area

Presenters: William Carney, Walter Yanagita (Agency staff), Glenn Rescalvo (Architect)

Commissioner Palamountain recalled that BART continued to have elevator problems and asked what measures had been taken to ensure that handicapped people had full access to the elevator and that it was maintained properly. Ms. Palamountain also asked where the elevator would open up to.

Architect Glenn Rescalvo responded that the maintenance of the elevator was not going to be an issue because the developer would maintain it. Mr. Rescalvo stated that the elevator would open up facing Market Street and would be visible to the public.

Commissioner Palamountain reiterated her request that staff provide copies of schematic drawings to the Commission when it was considering design issues. Ms. Palamountain asked how the staff and architect arrived at the light spire design.

Mr. Rescalvo stated that the original design was a fountain but that the fountain was flat and did not have identification and it was deemed infeasible because of the tunnel beneath. The design team worked to create a gathering place for the Market Street plaza area that could be visible from Yerba Buena Gardens and the gates of Chinatown and came up with a

vertical element that would be have a height of 40 to 50 feet and could be seen at night. Mr. Rescalvo added that as part of the final design, a mock-up of the light spire and the plaza would be prepared.

Commissioner Palamountain stated that she was looking forward to seeing the mock-up because the rendering made the plaza look barren and not pedestrian-friendly. Ms. Palamountain put forth a motion to adopt item 4 (e).

Executive Director Marcia Rosen added that the proposed light spire would be related to the BART station that featured an ambient light public art and the idea was as the ambient light changed in the tunnel, it would be reflected through the light spire.

Mr. Rescalvo agreed with Ms. Rosen and stated that the light spire would be activated when the lights in the BART tunnel changed so that it would not be a static element. Mr. Rescalvo added that the design team hoped that the plaza would become a gathering place with the installation of seating elements around the light spire.

President Sexton asked if the BART tunnel was connected to any parking. Mr. Rescalvo responded that it was not.

Commissioner Yee stated that the design of the connector was nice and asked the following questions: (1) what kind of restaurants would be located in the retail space, (2) what type of outreach had been done, (3) was Japantown and Chinatown approached, (4) was there a budget for the outreach, (5) what was the deadline for leasing the retail space, and (6) how many spaces were still available.

Ms. Andrea Baker responded that they had recruited five tenants for the retail space, a burger restaurant, smoothies establishment, grill restaurant, a creperie and a home design store that would sell cookware. Ms. Baker stated that mailers were sent out to over 600 restaurants, community and civic organizations and made presentations to non-profit groups as well as three public informational meetings about Yerba Buena Lane. Ms. Baker stated that both the Japantown and Chinatown communities were contacted and there were two businesses from Chinatown that were interested but wanted to wait until the plaza and retail space were completed and the developer would contact them at that time. Ms. Baker stated that there was no budget for the outreach efforts, but that the developer was willing to spend what was needed to market the retail space. Ms. Baker stated that there was no prescribed deadline for leasing the retail space because of the state of the economy. Ms. Baker stated that the five prospective tenants would occupy 12,000 square feet and the remaining 13,000 square feet would be available to lease.

Commissioner Yee urged the developer to advertise in local neighborhood newspapers to broaden its outreach. Mr. Yee lent his support for the project and seconded Commissioner Palamountain's motion.

ADOPTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. YEE, AND UNANIMOUSLY CARRIED (MR. DUNLOP AND MR. SINGH ABSENT) THAT ITEM 4 (e) RESOLUTION NO. 211-2002, CONDITIONALLY APPROVING A REVISED SCHEMATIC DESIGN, INCLUDING A PUBLIC ART ELEMENT AND LIGHT TOWER FOR THE MARKET STREET PLAZA, AND OTHER DESIGN REFINEMENTS FOR THE YERBA BUENA LANE BETWEEN MARKET AND MISSION STREETS, EAST OF THE MARRIOTT HOTEL, CENTRAL BLOCK 1; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- 4 (f) Resolution No. 212-2002, Conditionally Approving the Schematic Design for the Museum of the African Diaspora to be located in the St. Regis Museum Tower development on parcel EB-2A at the southeast corner of Third and Mission Streets, Yerba Buena Center Redevelopment Project Area

Presenters: William Carney, Elena Branick (Agency staff), Phil Freelon (Architect), Deborah Sussman (Exhibit Design)

Speakers: Dr. Philip Colgan, Alma Robinson, Jennifer Oliver-Goodwin

Commissioner Palamountain expressed her enthusiasm for the project and put forth a motion to adopt item 4 (f). Ms. Palamountain stated that she was impressed with the design that was both utilitarian and thought provoking. Ms. Palamountain asked how the fund-raising was progressing and if the museum was still scheduled to open in 2004. Ms. Palamountain congratulated the design team and staff for the wonderful progress.

Mr. William Carney informed the Commission that the nationwide search for an Executive Director was still ongoing and the fund-raising would be launched as soon as an Executive Director was hired. Mr. Carney affirmed that the museum was still scheduled to open in September 2004.

Commissioner Yee seconded Commissioner Palamountain's motion and remarked that the development was still on schedule.

Executive Director Rosen stated that the construction was actually a little ahead of the revised performance schedule approved by the Commission. Staff continued to receive the monthly construction payroll report, which demonstrated that the construction payroll was in excess of what was required under the revised agreement.

Commissioner Romero lent his support for the project and complimented the design team and staff for coming up with a very creative design for a small space.

ADOPTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. YEE, AND UNANIMOUSLY CARRIED (MR. DUNLOP AND MR. SINGH ABSENT) THAT ITEM 4 (f) RESOLUTION NO. 212-2002, CONDITIONALLY APPROVING THE SCHEMATIC DESIGN FOR THE MUSEUM OF THE AFRICAN DIASPORA TO BE LOCATED IN THE ST. REGIS MUSEUM TOWER DEVELOPMENT ON PARCEL EB-2A AT THE SOUTHEAST CORNER OF THIRD AND MISSION STREETS, YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- 4 (g) Resolution No. 213-2002, Authorizing Execution of Personal Services Contracts with a panel of surveying firms in a total aggregate amount not to exceed \$100,000 for a three-year period on an as-needed basis and subject to the availability of funds to provide survey and mapping services; All Redevelopment Project Areas and Survey Areas

Presenters: Su-Syin Chou (Agency staff)

Commissioner Yee stated that he was disappointed that the firm of Transamerican was not included in the panel because it was a reputable and well-qualified consultant. Mr. Yee asked staff for an explanation.

Ms. Su-Syin Chou informed the Commission that Transamerican did not have all of the required documents in their submission and even after the interview had been rescheduled to accommodate Transamerican's schedule, their representative failed to show up.

Commissioner Romero thanked Ms. Chou for a good presentation and coming up with a diverse group of consultants. Mr. Romero put forth a motion to adopt item 4 (g). Commissioner Palamountain seconded the motion.

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MS. PALAMOUNTAIN, AND UNANIMOUSLY CARRIED (MR. DUNLOP AND MR. SINGH ABSENT) THAT ITEM 4 (g) RESOLUTION NO. 213-2002, AUTHORIZING EXECUTION OF PERSONAL SERVICES CONTRACTS WITH A PANEL OF SURVEYING FIRMS IN A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$100,000 FOR A THREE-YEAR PERIOD ON AN AS-NEEDED BASIS AND SUBJECT TO THE AVAILABILITY OF FUNDS TO PROVIDE SURVEY AND MAPPING SERVICES; ALL REDEVELOPMENT PROJECT AREAS AND SURVEY AREAS, BE ADOPTED.

Items 4 (h), (i) and (j) were presented together and acted upon separately.

- 4 (h)** Resolution No. 214-2002, Authorizing the Executive Director to Execute with Mercy Housing XVII, L.P., a California limited partnership: 1) a Purchase and Sale Agreement for the Agency purchase of the land; 2) a Ground Lease; and, (3) a Standby Payment Agreement to guarantee the payment of certain mortgage revenue bonds in an amount not to exceed \$5,440,000; for the acquisition and rehabilitation of 68 units of very low income housing at the Derek Silva Community at 1580-98 Market Street; Citywide Tax Increment Affordable Housing Program
- 4 (i)** Resolution No. 215-2002, Authorizing the Issuance, Sale and Delivery of Variable Rate Demand Multifamily Housing Revenue Bonds, 2002 Series D (Derek Silva Community) in an aggregate principal amount not to exceed \$13,300,000 determining and prescribing certain related matters; Approving and Authorizing related actions and delivery of related documents
- 4 (j)** Resolution No. 216-2002, Authorizing a Financial Adjustment Factor Capital Loan Agreement with Mercy Housing XVII, L.P., a California limited partnership, in an amount not to exceed \$1,066,000 for the acquisition and rehabilitation of 68 very low income rental units and approximately 6,400 square feet of ground floor commercial space at the Derek Silva Community, 1580-1598 Market Street; Citywide Tax Increment Affordable Housing Program

Presenters: Elizabeth Colomello (Agency staff)

Speakers: Dr. Glenn Motola

Commissioner Romero stated that it was obvious that there was a need to continue the work that Derek Silva was providing and put forth a motion to adopt item 4 (h).

Commissioner Yee stated that Derek Silva had a wonderful program and asked how many other non-profit organizations were doing similar work in the City as Catholic Charities.

Ms. Elizabeth Colomello responded that there were other organizations such as the San Francisco AIDS Foundation that did similar work, but not exactly as Derek Silva because it was the largest site-based residence totally devoted to people living with HIV/AIDS.

Executive Director Rosen added that there were a lot of other providers of supportive services to people living with HIV/AIDS such as Lutheran Services, the Black Coalition on AIDS and Bernal Heights for the 1652 Eddy Street residence. Derek Silva was a unique facility totally devoted to

the care and support of people living with HIV/AIDS that allowed the residents to live in a stable and independent environment. The collaboration between Mercy Housing and Catholic Charities helped to preserve the units at Derek Silva.

Commissioner Yee thanked the Executive Director for her response and seconded Commissioner Romero's motion to adopt item 4 (h).

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MR. YEE, AND UNANIMOUSLY CARRIED (MR. DUNLOP AND MR. SINGH ABSENT) THAT ITEM 4 (h) RESOLUTION NO. 214-2002, AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE WITH MERCY HOUSING XVII, L.P., A CALIFORNIA LIMITED PARTNERSHIP: 1) A PURCHASE AND SALE AGREEMENT FOR THE AGENCY PURCHASE OF THE LAND; 2) A GROUND LEASE; AND, (3) A STANDBY PAYMENT AGREEMENT TO GUARANTEE THE PAYMENT OF CERTAIN MORTGAGE REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$5,440,000; FOR THE ACQUISITION AND REHABILITATION OF 68 UNITS OF VERY LOW INCOME HOUSING AT THE DEREK SILVA COMMUNITY AT 1580-98 MARKET STREET; CITYWIDE TAX INCREMENT AFFORDABLE HOUSING PROGRAM, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. ROMERO, AND UNANIMOUSLY CARRIED (MR. DUNLOP AND MR. SINGH ABSENT) THAT ITEM 4 (i) RESOLUTION NO. 215-2002, AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS, 2002 SERIES D (DEREK SILVA COMMUNITY) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$13,300,000 DETERMINING AND PRESCRIBING CERTAIN RELATED MATTERS; APPROVING AND AUTHORIZING RELATED ACTIONS AND DELIVERY OF RELATED DOCUMENTS AS AMENDED, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. ROMERO, AND UNANIMOUSLY CARRIED (MR. DUNLOP AND MR. SINGH ABSENT) THAT ITEM 4 (j) RESOLUTION NO. 216-2002, AUTHORIZING A FINANCIAL ADJUSTMENT FACTOR CAPITAL LOAN AGREEMENT WITH MERCY HOUSING XVII, L.P., A CALIFORNIA LIMITED PARTNERSHIP, IN AN AMOUNT NOT TO EXCEED \$1,066,000 FOR THE ACQUISITION AND REHABILITATION OF 68 VERY LOW INCOME RENTAL UNITS AND APPROXIMATELY 6,400 SQUARE FEET OF GROUND FLOOR COMMERCIAL SPACE AT THE DEREK SILVA COMMUNITY, 1580-1598 MARKET STREET; CITYWIDE TAX INCREMENT AFFORDABLE HOUSING PROGRAM, BE ADOPTED.

- 4 (k) Resolution No. 217-2002, Authorizing a Second Amendment to a Housing Opportunities for Persons With AIDS Supportive Services Agreement with Catholic Charities of the Archdiocese of San Francisco, a California nonprofit corporation, to increase the contract amount by \$110,000 for a total amount not to exceed \$572,000, and to extend the term for six months, for the supportive services related to the HOPWA Rental Subsidy Program

Presenters: Pam Sims (Agency staff)

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MS. PALAMOUNTAIN, AND UNANIMOUSLY CARRIED (MR. DUNLOP AND MR. SINGH ABSENT) THAT ITEM 4 (k) RESOLUTION NO. 217-2002, AUTHORIZING A SECOND AMENDMENT TO A HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS SUPPORTIVE SERVICES AGREEMENT WITH CATHOLIC CHARITIES OF THE ARCHDIOCESE OF SAN FRANCISCO, A CALIFORNIA NONPROFIT CORPORATION, TO INCREASE THE CONTRACT AMOUNT BY \$110,000 FOR A TOTAL AMOUNT NOT TO EXCEED \$572,000, AND TO EXTEND THE TERM FOR SIX MONTHS, FOR THE SUPPORTIVE SERVICES RELATED TO THE HOPWA RENTAL SUBSIDY PROGRAM, BE ADOPTED.

5. MATTERS NOT APPEARING ON THE AGENDA None.
6. PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA, BUT AGENCY RELATED MATTERS None.
7. REPORT OF THE PRESIDENT
- President Sexton informed the Commission and the public that she would not be able to attend the December 17, 2002 Commission meeting.
8. REPORT OF THE EXECUTIVE DIRECTOR
- Informed the Commission that she spoke earlier with Mary Helen Rogers who lent her support for all of the housing items on the Agenda. Ms. Rosen wished Mrs. Rogers a rapid recovery from the flu.

- Announced that former Commission President Chantel L. Walker gave birth to a health baby boy named Aden Gabriel Walker and congratulated her family.
- Fillmore Holiday celebration – thanked Shirley Wysinger for extraordinary work in organizing the event that would take place on December 13th from 6:00 to 8:00 p.m. where Mayor Brown would light the Christmas tree. There would also be a food and toy drive and the Agency's urban fellow, Robert Costa, designed the Holiday celebration flyer. Many members of the Western Addition community as well as Fillmore Street merchants contributed and helped out with the planned celebration.
- Jessie Square project – matter continued from the December 4th Board of Supervisors Finance Committee meeting. Ms. Rosen reported that staff was working with the Board of Supervisors to reschedule the matter and that questions raised by the Budget Analyst and the Controller have resulted in the following minor changes from the resolutions previously approved by the Commission: (1) the Agency would not use funds for the maintenance of the Yerba Buena Gardens until the bonds had been fully paid, and (2) at the Controller's suggestion, the Agency would work to have closer collaboration with the City's Parking Authority for the management of the proposed garage after it is completed.
- Staff was continuing to work with the Planning Department and the Bayview PAC on the amendments to the Bayview Hunters Point Redevelopment Plan based upon the Bayview Concept Plan approved by the PAC. There will be a small workshop in the PAC office at the Southeast Community Facility on December 12th at 6:00 p.m. conducted by the Planning Department. The Planning Department would also have a larger workshop on the proposed zoning changes for Bayview on December 19th as part of the PAC meeting at 6:00 p.m. Following these workshops, the Planning Department would finalize the proposed zoning changes for Bayview.
- Informational memorandum regarding the Navy conveyance of the Hunters Point Shipyard.
- Reported that the Governor's proposal to address the State budget deficit would potentially have a significant impact on the Agency's and City's Affordable Housing Program. Under State law, at least 20% of tax increment monies must be allocated and spent for the development and preservation of affordable housing. In the past decade, the Agency had endeavored to set-aside larger percentages of its tax increment allocations for affordable housing and the

current year set-aside was at 52%. The Governor proposed that all low- and moderate-income housing funds unencumbered as of December 1, 2002 from redevelopment agencies statewide, be submitted to the State Controller to help with the State general fund shortfall. Ms. Rosen informed the Commission that staff had begun working with the Mayor's Office, the California Redevelopment Association and representatives from the State legislature with efforts to reverse the Governor's proposal. Ms. Rosen stated that staff was gathering data and preparing a response and would keep the Commission apprised of the situation.

9. COMMISSIONERS QUESTIONS AND MATTERS

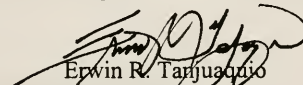
- Commissioner Palamountain thanked the Executive Director for the update on the State budget deficit and its impact on the Agency's affordable housing program and asked that the Commission be kept advised of all progress regarding the City's and Agency's response as well as the Agency's budget planning for the upcoming fiscal year. Commissioner Palamountain congratulated former Commissioner Chantel L. Walker on her newborn baby.
- Commissioner Palamountain put forth a motion to move the scheduled Election of Officers from December 17th to the Commission meeting of January 14, 2003, in light of the fact that President Sexton would not be attending the December 17th meeting. Commissioner Romero seconded the motion. The Commission gave its unanimous consent to Commissioner Palamountain's motion.

10. CLOSED SESSION: None.

11. ADJOURNMENT

It was moved by Mr. Romero, seconded by Ms. Palamountain, and unanimously carried that the meeting be adjourned. The meeting adjourned at 6:30 p.m.

Respectfully submitted,


Erwin R. Tanjuaquio
Agency Secretary

APPROVED:

January 14, 2002

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
17TH DAY OF DECEMBER 2002

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 4:00p.m. on the 17th day of December 2002, at the place and date duly established for holding of such a meeting.

Acting President Kathryn C. Palamountain called the meeting to order at 4:06 p.m. Ms. Palamountain welcomed members of the public and asked that cell phones and pagers be turned off during the meeting.

1. **RECOGNITION OF A QUORUM**

The Commission Secretary announced the presence of a quorum with the following Commissioners present.

Ms. Palamountain, Vice-President
Mark Dunlop
Leroy King
Ramon E. Romero
Darshan Singh
Benny Y. Yee (arrived at 4:15 p.m.)

DOCUMENTS DEPT.

And the following were absent:

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Michelle W. Sexton, President

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Marcia Rosen, Executive Director and staff members were also present.

2. **REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY.** None.

3. **MATTERS OF UNFINISHED BUSINESS:** None.

4. **MATTERS OF NEW BUSINESS:**

CONSENT AGENDA

4 (a) Approval of Minutes: Meeting of November 26, 2002

- 4 (b) Resolution No. 218-2002, Amending Resolution No. 141-2002 to revise the compensation for Agency staff
- 4 (c) Resolution No. 219-2002, Authorizing the waiver of berthing fees for nonprofit community sailing organizations for a maximum of seven berths in South Beach Harbor; Rincon Point-South Beach Redevelopment Project Area

Commissioner Singh asked that Consent Agenda item 4 (c) be withdrawn from the Consent Agenda.

The Commission voted on the remaining Consent Agenda items 4 (a) and (b).

ADOPTION: IT WAS MOVED BY MR. ROMERO, SECONDED BY MR. SINGH, AND UNANIMOUSLY CARRIED (MR. YEE AND MS. SEXTON ABSENT) THAT CONSENT AGENDA ITEMS 4 (a) APPROVAL OF MINUTES: MEETING OF NOVEMBER 26, 2002, AND 4 (b) RESOLUTION NO. 218-2002, AMENDING RESOLUTION NO. 141-2002 TO REVISE THE COMPENSATION FOR AGENCY STAFF, BE ADOPTED.

The Commission discussed item 4 (c).

- 4 (c) Resolution No. 219-2002, Authorizing the waiver of berthing fees for nonprofit community sailing organizations for a maximum of seven berths in South Beach Harbor; Rincon Point-South Beach Redevelopment Project Area

Presenters: James Nybakken (Agency staff)

Commissioner Singh asked how many organizations were presently registered with the program and what the age-range was of the students.

Mr. James Nybakken responded that a tally had not been done but cited the example of Blue Water Foundation had 44 sailing days and included six to ten students for each trip. Likewise, the Bay Area Disabled Sailors Association and the San Francisco Sailing Whaleboat Association had similar number of students on their sailing trips. Mr. Nybakken informed the Commission that the age range of youth served was between 10 and 19 years old.

Commissioner Singh requested additional information on how many individuals were estimated to participate in the program. Mr. Singh asked what the market rent was for the berths.

Mr. Nybakken stated that the market rent for the berths was \$1,450 per month for each of the seven berths.

Commissioner Singh stated that he was supportive of the program but would like additional information. Mr. Singh put forth a motion to adopt item 4 (c).

Commissioner Dunlop seconded the motion and lent his support for a wonderful program that would serve disabled individuals who would not otherwise have the opportunity.

Commissioner King requested information on the organizations' affirmative action programs.

Executive Director Marcia Rosen stated that staff would prepare a more thorough report on the organizations' diversity program as well as the demography they served.

Commissioner Romero asked what percentage of the total number of berths were the seven berths proposed for the non-profit sailing organizations.

Mr. Nybakken stated that the seven berths represented one percent of the total number of berths in the South Beach Harbor, which was 700.

Commissioner Romero stated that he supported the program and was pleased to see such a policy that benefited disabled individuals.

ADOPTION: IT WAS MOVED BY MR. SINGH, SECONDED BY MR. DUNLOP, AND UNANIMOUSLY CARRIED (MS. SEXTON ABSENT) THAT ITEM 4 (c) RESOLUTION NO. 219-2002, AUTHORIZING THE WAIVER OF BERTHING FEES FOR NONPROFIT COMMUNITY SAILING ORGANIZATIONS FOR A MAXIMUM OF SEVEN BERTHS IN SOUTH BEACH HARBOR; RINCON POINT-SOUTH BEACH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

REGULAR AGENDA

Items 4 (d) through 4 (g) were presented together and acted upon separately.

- 4 (d)** Resolution No. 220-2002, Authorizing a Second Amendment to the CDBG Affordable Housing Program Loan Agreement with AM Preservation, L.P., a California limited partnership, to increase the loan amount by \$500,000, for a total aggregate amount not to exceed \$2,723,208 and to revise the schedule of performance for the rehabilitation of 133 units of very low income rental housing units at the Antonia Manor, 180 Turk Street, as part of the Agency's Affordable Housing Preservation Program; Citywide Tax Increment Housing Program

- 4 (e) Resolution No. 221-2002, Authorizing a First Amendment to the Standby Payment Agreement with AM Preservation, L.P., a California limited partnership, to increase the Agency's contingent standby payment obligation by \$29,700 for a total aggregate amount not to exceed \$1,899,700 plus related costs, for the rehabilitation of 133 units of very low income rental housing units at the Antonia Manor, 180 Turk Street, as part of the Agency's Affordable Housing Preservation Program; Citywide Tax Increment Housing Program
- 4 (f) Resolution No. 222-2002, Authorizing a Second Amendment to the Antonia Manor Ground Lease with AM Preservation, L.P., a California limited partnership, to revise the schedule of performance for the rehabilitation of 133 units of very low income rental housing units at the Antonia Manor, 180 Turk Street, as part of the Agency's Affordable Housing Preservation Program; Citywide Tax Increment Housing Program
- 4 (g) Resolution No. 223-2002, Authorizing a Tax Increment Affordable Housing Loan Agreement to AM Preservation, L.P., a California limited partnership, in an amount not to exceed \$1,903,330 for the rehabilitation of 133 units of very low income rental housing units at the Antonia Manor, 180 Turk Street, as part of the Agency's Affordable Housing Preservation Program; Citywide Tax Increment Housing Program

Presenters: Jeff White (Agency staff), Kelly Cullen, Don Falk (TNDC)

Speakers: John Nulty, Michael Nulty, David Villa-Lobos, William Hackard, James Castro, Mimi Yee

Commissioner Singh commended Kelly Cullen for doing an outstanding job with the Antonia Manor. Mr. Singh asked how many bathrooms there were in the building and if there were kitchens in the units. Mr. Singh also asked what the cost of the meals was in the Manor House restaurant.

Mr. Jeff White responded that each of the 133 units had their own bathrooms and kitchenettes were to be provided for the units as required by the loan agreement.

Ms. Mimi Yee, proprietor of the Manor House restaurant, informed the Commission that the full course lunch cost \$3.95.

Commissioner Singh put forth a motion to adopt item 4 (d).

Commissioner Dunlop seconded the motion. Mr. Dunlop asked for responses to questions raised by Mr. John Nulty regarding upgrades to the building's plumbing, electrical re-wiring, emergency back-up generator, telephone lines and installation of a satellite system. Mr. Dunlop inquired

about the suggestion to provide technical assistance to the tenants' council and about the lease with the Manor House restaurant.

Ms. Valerie O'Donnell, Construction Supervisor for TNDC, addressed the issues raised by Mr. John Nulty as follows: (1) the plumbing would be upgraded and a new boiler installed, (2) the electrical would be re-wired and there would be four dedicated circuits per unit, (3) there was no plan to provide an emergency back-up generator, but since the building was on the same block as the Police station, did not anticipate problem, (4) there was no plan to upgrade the telephone lines, but would look into specific problems raised by the tenants, and (5) there was no plan to install a satellite system on the building, but the building was cable-ready to be installed in the units.

Mr. Olson Lee stated that staff would look at providing technical assistance to the tenants' council as well as available community resources to address tenants' concerns. Staff would conduct a survey of resident capacity grants and report back to the Commission.

Mr. Jeff White informed the Commission that lease with the Manor House restaurant was for four years and not tied with the building's 55-year lease.

Acting President Palamountain thanked the residents for coming as well as staff and TNDC for their hard work. Ms. Palamountain stated that she was inspired by the testimony of the Manor House restaurant proprietor because of its commitment to provide nutritious meals to the residents.

ADOPTION: IT WAS MOVED BY MR. SINGH, SECONDED BY MR. DUNLOP, AND UNANIMOUSLY CARRIED (MS. SEXTON ABSENT) THAT ITEM 4 (d) RESOLUTION NO. 220-2002, AUTHORIZING A SECOND AMENDMENT TO THE CDBG AFFORDABLE HOUSING PROGRAM LOAN AGREEMENT WITH AM PRESERVATION, L.P., A CALIFORNIA LIMITED PARTNERSHIP, TO INCREASE THE LOAN AMOUNT BY \$500,000, FOR A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$2,723,208 AND TO REVISE THE SCHEDULE OF PERFORMANCE FOR THE REHABILITATION OF 133 UNITS OF VERY LOW INCOME RENTAL HOUSING UNITS AT THE ANTONIA MANOR, 180 TURK STREET, AS PART OF THE AGENCY'S AFFORDABLE HOUSING PRESERVATION PROGRAM; CITYWIDE TAX INCREMENT HOUSING PROGRAM, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MR. DUNLOP, SECONDED BY MR. SINGH, AND UNANIMOUSLY CARRIED (MS. SEXTON ABSENT) THAT ITEM 4 (e) RESOLUTION NO. 221-2002, AUTHORIZING A FIRST AMENDMENT TO THE STANDBY PAYMENT AGREEMENT WITH AM PRESERVATION, L.P., A CALIFORNIA LIMITED PARTNERSHIP, TO INCREASE THE

AGENCY'S CONTINGENT STANDBY PAYMENT OBLIGATION BY \$29,700 FOR A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$1,899,700 PLUS RELATED COSTS, FOR THE REHABILITATION OF 133 UNITS OF VERY LOW INCOME RENTAL HOUSING UNITS AT THE ANTONIA MANOR, 180 TURK STREET, AS PART OF THE AGENCY'S AFFORDABLE HOUSING PRESERVATION PROGRAM; CITYWIDE TAX INCREMENT HOUSING PROGRAM, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MR. SINGH, SECONDED BY MR. ROMERO, AND UNANIMOUSLY CARRIED (MS. SEXTON ABSENT) THAT ITEM 4 (f) RESOLUTION NO. 222-2002, AUTHORIZING A SECOND AMENDMENT TO THE ANTONIA MANOR GROUND LEASE WITH AM PRESERVATION, L.P., A CALIFORNIA LIMITED PARTNERSHIP, TO REVISE THE SCHEDULE OF PERFORMANCE FOR THE REHABILITATION OF 133 UNITS OF VERY LOW INCOME RENTAL HOUSING UNITS AT THE ANTONIA MANOR, 180 TURK STREET, AS PART OF THE AGENCY'S AFFORDABLE HOUSING PRESERVATION PROGRAM; CITYWIDE TAX INCREMENT HOUSING PROGRAM, BE ADOPTED.

ADOPTION: IT WAS MOVED BY MR. KING, SECONDED BY MR. ROMERO, AND UNANIMOUSLY CARRIED (MS. SEXTON ABSENT) THAT ITEM 4 (g) RESOLUTION NO. 223-2002, AUTHORIZING A TAX INCREMENT AFFORDABLE HOUSING LOAN AGREEMENT TO AM PRESERVATION, L.P., A CALIFORNIA LIMITED PARTNERSHIP, IN AN AMOUNT NOT TO EXCEED \$1,903,330 FOR THE REHABILITATION OF 133 UNITS OF VERY LOW INCOME RENTAL HOUSING UNITS AT THE ANTONIA MANOR, 180 TURK STREET, AS PART OF THE AGENCY'S AFFORDABLE HOUSING PRESERVATION PROGRAM; CITYWIDE TAX INCREMENT HOUSING PROGRAM, BE ADOPTED.

- 4 (h) Resolution No. 224-2002, Authorizing a Technical Assistance Agreement with the Corporation for Supportive Housing, a Delaware-based nonprofit corporation, in an amount not to exceed \$100,000, for as-needed technical assistance services to supportive housing developers and operators, Citywide Tax Increment Housing Program

Presenters: Chris Harris (Agency staff)

Commissioner Dunlop put forth a motion to adopt item 4 (h) and complimented staff for its hard work to supplement AIDS funding and supportive services.

Commissioner Romero seconded the motion.

ADOPTION: IT WAS MOVED BY MR. DUNLOP, SECONDED BY MR. ROMERO, AND UNANIMOUSLY CARRIED (MS. SEXTON ABSENT) THAT ITEM 4 (h) RESOLUTION NO. 224-2002, AUTHORIZING A TECHNICAL ASSISTANCE AGREEMENT WITH THE CORPORATION FOR SUPPORTIVE HOUSING, A DELAWARE-BASED NONPROFIT CORPORATION, IN AN AMOUNT NOT TO EXCEED \$100,000, FOR AS-NEEDED TECHNICAL ASSISTANCE SERVICES TO SUPPORTIVE HOUSING DEVELOPERS AND OPERATORS, CITYWIDE TAX INCREMENT HOUSING PROGRAM, BE ADOPTED.

Items 4 (i) and 4 (j) were presented together.

- 4 (i) Quarterly Report from the Public Initiatives Development Corporation, a California non-profit public benefit corporation, on the development status of the Plaza Hotel Replacement Project, 988-992 Howard Street; South of Market Earthquake Recovery Redevelopment Project Area
- 4 (j) Workshop on the Basic Concept Drawings of the Plaza Hotel Replacement Project, 988 Howard Street, South of Market Earthquake Recovery Redevelopment Project Area

Presenters: Vanessa Dandridge (Agency staff), Richard Stacy, Paulett Taggart (Architects)

Speakers: John Elberling, Olivia Malabuyo, Mark W. Swenson

Commissioner Yee stated that he had read the December 10th letter from TODCO and thought that it had a lot of good ideas and asked if staff and the architect had taken into consideration Mr. John Elberling's suggestions. Mr. Yee verified that the PIDC meetings were open to the public and that interested parties were notified of the meetings.

Executive Director Rosen stated that PIDC, unlike other non-profit development corporations, was subject to the Brown Act and all meeting notices were posted, mailed to the same mailing list that received the Agency Commission meeting agendas and upcoming meetings were announced at Commission meetings. In addition, there had been workshops held with both tenants of the Plaza Hotel and the South of Market Project Area Committee. The letter from TODCO dated December 10th had been responded to by Erin Carson, the Senior Project Manager for the Plaza Hotel, and issues raised were addressed and copies were included in the Commissioners' packets.

Commissioner Yee stated that he hoped that the building design was just preliminary and could consider suggestions by TODCO. Mr. Yee stated that

it was important to have public input on an important project and urged staff to work closely with the community.

Commissioner Singh asked what the current number of seats were in the Bindlestiff Theater and if it was possible to increase the number of seats. Mr. Singh requested that staff notify Mr. Mark Swenson of meetings and provide him with requested information.

Mr. Olson Lee responded that there were currently 44 seats and it was possible to increase the number of seats, but that would result in higher development costs and would affect the building's financing. Increasing the number of seats would require additional excavation in the basement of the building that would result in additional costs and staff had not yet estimated the full cost of the housing, retail and the theater because they were still in the preliminary basic concept design phase. Mr. Lee assured the Commission that requested information would be provided to Mr. Mark Swenson and pointed out that Mr. Swenson was a member of the South of Market PAC and participated in previous meetings. Mr. Lee stated that the PIDC adopted a community outreach plan and staff continued to do outreach not only to Plaza Hotel tenants but the larger community as well. Mr. Lee added that the PIDC staff would continue to respond to TODCO, but that it would be helpful to the process to receive input or suggestions from the public at the PIDC meetings or by contacting staff.

Commissioner Singh thanked and commended Mr. Olson Lee for doing an outstanding job as the PIDC Executive Director.

Commissioner Romero expressed concerns with criticisms of the PIDC and thought that Mr. John Elberling's concerns were legitimate. Mr. Romero stated that he thought that the building's design was nice and pleasing to the eye, but also wondered about the presence of the Bindlestiff Theater and thought that the proposed location seemed obscure. Mr. Romero recalled the long and arduous process of the Plaza Hotel and urged staff to reach out to the theater and communicate because he felt that the direct development process had been forced upon them. Mr. Romero implored staff to make the telephone calls to parties concerned and hoped that the process would go smoothly.

Commissioner Dunlop praised staff for working so diligently and expeditiously on a very difficult project and remarked that it was difficult to do outreach in a community that had so many past problems, but more effort should be made to engage members of the community. Mr. Dunlop pointed out that with only two business community members in attendance, there ought to be more outreach and a more genuine community process. Mr. Dunlop referred to TODCO's comments and felt that staff's disapproving responses were not adequate and not open to seemingly valid suggestions.

Mr. Dunlop stated that he personally was not pleased with the building's aesthetics, but if the neighbors liked it, he would support the proposed design. Mr. Dunlop stated that he would like to see and hear more from the neighbors about the proposed building design. Mr. Dunlop urged staff to communicate with Bindlestiff Theater and include it in the community process.

Commissioner Yee stated that the Agency Commission as well as the PIDC were there to serve the public and felt that input from the public, including criticisms were always welcome. Mr. Yee suggested that staff send out special notice to all developers as a means of additional outreach. Mr. Yee referred to TODCO's December 10th letter and agreed with TODCO's comment that a 44-seat theater was considered to be too small and requested staff to carefully study and incorporate TODCO's comments in the building's design.

Commissioner King reminded the Commission that it voted to establish the PIDC to do direct development for the Plaza Hotel and felt that the PIDC was doing a good job starting from scratch. Mr. King stated that the Commission heard from the PIDC's Executive Director about their outreach efforts and the Commission should support the work of PIDC because the Plaza Hotel development was a very difficult project and because the Commission voted for direct development. Mr. King added that the PIDC had regular monthly meetings that were duly noticed and as Executive Director Rosen stated, she announced the PIDC meetings at the Commission meetings in addition to quarterly reports from the PIDC staff. Mr. King stated that he wanted the PIDC to succeed in developing the Plaza Hotel.

Commissioner Romero asked for the definition of a "black-box theater?" Mr. Romero clarified that because of the negative history of the Plaza Hotel, he wanted to avoid the same difficulty and problems with the community and urged staff to maintain open communications with all parties involved.

Ms. Erin Carson informed the Commission that a "black-box theater" was defined as a theater with 49 seats or less. Ms. Carson added that she had discussed the entire development process for the theater with Ms. Olivia Malabuyo and continued to work with her on the financial feasibility of a new and hopefully larger theater space. Ms. Carson stated that she suggested including Richard Livingston of the Exit Theater with Bindlestiff's team to strengthen its predevelopment loan application because of Mr. Livingston's long experience. Ms. Carson added that staff would continue working with the retail tenants including Mr. Swenson and emphasized that the development process was only at the basic concept design phase and there would be ample opportunity for public input.

Acting President Palamountain clarified that the John Stewart Company was currently the property manger for the Plaza Hotel and a permanent property manager would be selected as part of the development process. Ms. Palamountain shared and presented the following design issues discussed by the PIDC board: (1) providing some relief on the shearing wall at the corner of Sixth Street, (2) providing a usable community space on the ground floor and ensuring that the proposed social service office on the second floor was fully utilized, (3) tub or tub/shower bathroom combinations, (4) the number of washers and dryers, (5) opening up the residential entry to alleviate any security issues, and (6) appropriate placement of the Bindlestiff Theater space on the ground floor to provide “eyes on the street” for the corner of Sixth and Howard Streets. Ms. Palamountain assured Bindlestiff Theater that staff would continue to work with them in developing the space for the theater and invited Ms. Malabuyo to contact her to discuss issues. Ms. Palamountain thanked Mr. Elberling for his continued and active participation in the development of the Plaza Hotel, the architects for their openness and responsiveness to the design issues, the Bindlestiff Theater for their involvement and hard work as well as providing space for the community meetings. Ms. Palamountain also thanked and commended Mr. Olson Lee for his leadership and Ms. Erin Carson for her dedication and fastidiousness to ensure a smooth development process for the Plaza Hotel. Ms. Palamountain informed the public that the PIDC was planning to hold its January 2003 board meeting at the Plaza Hotel to discuss the relocation issues and invited everyone to attend.

Commissioner Romero stated that Mr. John Elberling was correct in his statements that the Commission made a lot of promises to the Bindlestiff Theater and reminded the Commission that it should endeavor to closely work with the theater to ensure its viability and success.

5. **MATTERS NOT APPEARING ON THE AGENDA** None.

6. **PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA, BUT AGENCY RELATED MATTERS**

- Michael Vanderhorst, John Elberling

7. **REPORT OF THE PRESIDENT**

- Acting President Palamountain informed the Commission and the public that there would be no Commission meetings on December 24 and 31, 2002 and January 7, 2003, and wished the Commission a Happy Holidays.

- Acting President Palamountain put forth a motion to calendar a workshop regarding Bindlestiff Studios at the January 28, 2003 Commission meeting.

Commissioner Romero seconded the motion. Mr. Romero stated that he thought that a workshop would help avoid the bitter and confrontational debate that occurred previously on the Plaza Hotel, in particular the Bindlestiff Studios.

Commissioner King stated that it was not appropriate for Commissioner Palamountain to make the motion because she was a board member of the PIDC and it was not the Agency Commission's role to set policies for the PIDC and certainly not to set meetings or workshops for them. Mr. King suggested that the PIDC board consider holding its own workshop on the Bindlestiff Studios and not the Commission. Mr. King stated his opposition to the Commission workshop.

Commissioner Dunlop stated that he appreciated and understood Commissioner King's comments, but pointed out that it was the Agency Commission that established the PIDC and had the budgetary authority for the development of the Plaza Hotel. Mr. Dunlop stated that he felt it was appropriate for the Commission to hold the workshop and noted that the Commission would not be taking action but would provide opportunity for public input.

Commissioner Singh stated that it did not seem necessary to have a separate non-profit development corporation like the PIDC if the Commission was to weigh-in on the PIDC's activities.

Commissioner Yee suggested a joint meeting of the Commission and the PIDC board to have an opportunity for everyone to be heard. Mr. Yee agreed with Mr. Elberling's statements that the three-minute time limit for public testimony was not only inadequate but not the appropriate setting to provide important public input. Mr. Yee suggested that the PIDC board set-aside two hours to have an open discussion of the concerns raised by TODCO.

Acting President Palamountain stated that the Commission was the policy-making body and not the PIDC board. Ms. Palamountain pointed out that there was not adequate tax increment revenue generated in the South of Market project area to spend on cultural and entertainment uses like in Yerba Buena Center, which had ample tax increment revenue. Ms. Palamountain informed the Commission that there were issues regarding the operational costs of the theater and it would be the Commission's decision to finance or not finance the operations of the Bindlestiff Studios.

Commissioner Singh stated that he had no objection to funding the theater, but the request should come from the PIDC.

Commissioner King stated that the Commission was indeed the policy-making body for the whole South of Market project area, but not the Plaza Hotel development because the Commission established the PIDC to solely work on the development of the Plaza Hotel. Mr. King reiterated that the Commission voted to give the responsibility to the PIDC.

Executive Director Rosen suggested that additional staff work would be done regarding possible alternatives for the Bindlestiff Studios and staff would work closely with the theater to develop financial feasibility analysis to ensure the theater's success. Ms. Rosen informed the Commission that there was no budget identified for either capital or operational costs for the theater.

MOTION: IT WAS MOVED BY MS. PALAMOUNTAIN, SECONDED BY MR. ROMERO, TO CALENDAR WORKSHOP REGARDING THE BINDLESTIFF STUDIOS AT THE JANUARY 28, 2003 COMMISSION MEETING AND ON ROLL CALL, THE FOLLOWING VOTED "AYA":

Mr. Dunlop
Mr. Romero
Ms. Palamountain

AND THE FOLLOWING VOTED "NAY":

Mr. King
Mr. Singh
Mr. Yee

AND THE FOLLOWING WERE ABSENT:

Ms. Sexton

THE SECRETARY DECLARED THE RESULTS OF THE ROLL CALL VOTE, THREE (3) AYES, THREE (3) NAYS, AND ONE (1) ABSENT.

THE ACTING PRESIDENT THEREUPON DECLARED THAT THE MOTION FAILED.

8. REPORT OF THE EXECUTIVE DIRECTOR

- Conveyed President Sexton's regrets for not being able to attend the meeting and wishes for a Happy Holidays to the Commission, staff and the public.
- Thomas Jefferson National Award for public architecture bestowed upon Ed Ong, the Agency's Architectural Supervisor. Ms. Rosen informed the Commission and the public that the award represented the career achievement of Mr. Ong and read the American Institute of Architects' press release about the award to Mr. Ong.

Mr. Ed Ong addressed the Commission and acknowledged the award and stated that the award was for the body and quality of the Agency's architectural work and was a reflection of not only his work, but of the Agency's commitment to quality architecture in its projects.

- Jessie Square Project scheduled to be heard at the Board of Supervisors' Finance Committee on December 18th.
- Two Requests for Qualifications for (1) Bond Underwriters related to the Hunters Point Shipyard and (2) Financial Advisory services for Agency projects.
- Leland Hotel development – appeal filed by a member of the public on the variance granted by the Zoning Administrator, to be heard on December 18th at 1:30 p.m.
- Tree lighting at Fillmore held on December 13th at 6:00 p.m. President Sexton and Mayor Brown along with an enthusiastic but small crowd were in attendance.

9. COMMISSIONERS QUESTIONS AND MATTERS None.

10. CLOSED SESSION:

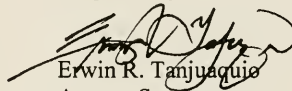
- (a) Pursuant to Government Code § 54956.9(b): Conference with Legal Counsel regarding anticipated litigation: one potential case

- (b) Pursuant to Government Code § 54956.8 to instruct the Agency's real property negotiators in furtherance of the Exclusive Negotiations Agreement with Lennar BVHP Partners, LLC for the Hunters Point Shipyard. Agency negotiators: Marcia Rosen, Don Capobres, Joanne Sakai, and Tracie Reynolds.

11. ADJOURNMENT

It was moved by Mr. Dunlop, seconded by Mr. Romero, and unanimously carried that the meeting be adjourned. The meeting adjourned at 7:39 p.m.

Respectfully submitted,


Erwin R. Tanjuaquio
Agency Secretary

APPROVED:

January 14, 2002



